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NEWS SUMMARY

GENERAL

Blanket of snow replaces floods

The threat of severe flooding receded in the Yorkshire town of Selby as the Ouse dropped 5½ ft from its Wednesday peak, but thick snow and plunging temperatures gripped most of the North, Scotland and the South-West.

The sea froze in Oban harbour and the Clyde in Glasgow, with Braemar the coldest place at minus 23C.

Spring tide on Monday, expected to send a 22 ft surge of water up the Ouse, is the next threat to Selby. Weather, Back Page

Iraqi pipeline hit

Saboteurs blew up the pipeline which carries the bulk of Iraq's crude oil exports. Page 3

Pretoria arrest

Rolls-Royce engineer Steven Kitson, 25, of Bristol, was detained in South Africa while visiting his father David, a former political activist serving 20 years in a Pretoria jail.

Sandinista deal

France is to supply arms to the Sandinista left-wing government in Nicaragua, risking a clash with the U.S. Page 4

Neo-Nazi cache

West Berlin security forces arrested 12 neo-Nazis—aged between 16 and 19—and siezed an arms cache which included 26 detonators.

Ghana curbs ease

Ghana's borders and airport are due to reopen today, eight days after the military takeover. Nigeria the key, Page 3

Libyan food ban

Libya banned the import of tea, coffee, macaroni, cars and a long list of other goods.

Gunman jailed

IRA gunman Christopher Barbour, 22, was jailed for life for murdering a Royal Green Jackets soldier in a Londonderry pub. Prior's course, Page 5

Rape case move

Labour MP Jack Ashley may submit a Bill giving the prosecution a right to appeal against sentences if the Lord Chancellor does not repudiate the judge who fined a rapist.

Two railmen die

British Rail investigators searched a derailed locomotive in an East London siding for clues to explain a crash which killed two railway workers.

Whooping cough

A whooping cough epidemic was confirmed by the Department of Health, with cases nearly three times the average level at 700 a week.

After the break

Newscaster Kenneth Kendall must delay his Television South West debut until a bread industry commercial for which he is under contract to J. Walter Thompson has had its run.

Nightcap for Coe

Sebastian Coe will appear in a Horlicks TV commercial next month, the first athlete to take advantage of rules which preserve athletes' amateur status.

Briefly . . .

Princess of Wales will continue public duties at least until March.

Cunard's QE2, aground off Puerto Rico for an hour, escaped undamaged.

Somalian refugees will get 400,000 ECU (£260,000) in EEC food aid.

BUSINESS

Dollar stronger; Equities up 5.8

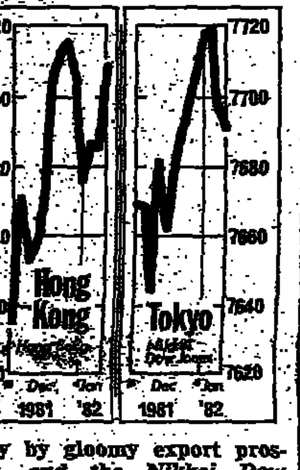
● DOLLAR firmed as Euro-dollar interest rates rose. It advanced to DM 2.2615 (DM 2.2465), Y222 (Y219.6); SwFr 1.831 (SwFr 1.809) and FFr 5.7425 (FFr 5.706). Its trade-weighted index was up to 107.6 from 106.8. Page 22

● STERLING eased 40 points to $1.92 but was otherwise stronger at FFr 11.025 (FFr 10.9775), DM 4.345 (DM 4.325), SwFr 3.5175 (SwFr 3.4825) and Y426.5 (Y422.5). Its Bank of England index was 91.7, after 91.5. Page 22

● EQUITIES improved on bid speculation, despite the collapse in Discount Houses. The FT 30-Share Index rose 5.8 to 529.5. Page 28

● GILTS recovered after an easier start, on talk of official support for the market. The Government Securities Index was 0.03 down at 61.97. Page 28

● HANG SENG Index rose 23.68 in Hong Kong to 1,409.40, on institutional support. In Tokyo, sentiment was dampened



partly by gloomy export prospects, and the Nikkei Dow Index closed 6.38 lower at 7,691.22. Trading was thin in both centres. Page 23

● WALL STREET was off 1.34 at 859.68 before the close. Page 23

● GOLD fell $5.5 to $397 in London. In New York the Comex January close was $399.4. Page 2

● BL workers at Cowley voted to respond to a proposed 10-minute cut in their tea breaks by going home 15 minutes earlier. Back Page

● BANK O FENGLAND senior management changes indicate the growing emphasis being placed on helping industry through the recession and supervising banks. Page 6

● BUSINESS FAILURES reached record levels in 1981, with 8,227 company liquidations in England and Wales, 20 per cent up on 1980 and 81 per cent on 1979. Page 6

● WEST GERMAN unemployment last month jumped by 200,000 to 1.7m, the highest December total since 1954. Bad weather was blamed. Page 2

● CAR sales in the U.S. last year were the lowest since 1975 and 4.5 per cent down on 1980. Only Chrysler among big U.S. car makers reported a rise.

● ALFA ROMEO, Italian state-owned car maker, is to lay off almost all its 43,000 workers for three weeks from January 18. Back Page

● JOHN WADDINGTON, packaging and games group, reported pre-tax profit of £326,000 for the 28 weeks to October 17, up from £1.02m loss, despite writing off £180,000 after withdrawing the controversial Bombshell game. Page 16

● BLUE CIRCLE Industries, cement maker, is to invite bids, expected to be £30m-£40m, for its West Midlands quarrying subsidiary, Blue Circle Aggregates. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Asprey	875	+ 50
Berwick Timpo	36	+ 6
Firth (G. M.)	195	+ 10
Grattan	98	+ 6
Henlys	104	+ 7
Hickson and Welch	212	+ 12
Holden (A.)	162	+ 4
Hoover A	94	+ 10
ICI	300	+ 10
Imperial Group	72	+ 3½
Kitchen Taylor	120	+ 18
Low (Wm)	170	+ 10
Polly Peck	375	+ 20
Scottish Newcastle	53	+ 2½
Smiths Inds	370	+ 13
Transparent Paper	30	+ 4
Unigate	113	+ 5
Utd Engineering	260	+ 7
Sogomana	455	+ 30
Surmah Valley	113	+ 13

FALLS

Amstrad	195	− 22
Assd Comms A	50	− 2
Bakers Hshld Stores	158	− 9
Birmingham Pallet	34	− 6
Black (P.)	211	− 5
Cater Allen	275	− 30
Gerrard National	245	− 23
Gillett Brothers	180	− 38
Jessel Toynbee	58	− 5
Kwik Save	214	− 4
Quest Auto	93	− 7
Smith St Aubyn	35	− 97
Waddington (J.)	86	− 8
Blyvoor	509	− 10
Impala Platinum	330	− 10
Meekatharra	490	− 10
Roan Cons	70	− 10

Ludwig's Amazon forest dream ends after $1bn investment

THE TROPICAL dream of Mr Daniel Ludwig, the U.S. shipping magnate, is to end with a takeover by a group of Brazilian companies in association with the Brazilian Government, John Arden writes from Rio de Janeiro.

This will finish Mr Ludwig's involvement with the controversial Jari project, which covers nearly 4m acres of Amazon forest land, and on which he has invested about $1bn (£520m).

The Jari minerals and cellulose project at the fork of the Jari and Amazon rivers, about 250 miles west of Belem, is run by a group of companies under the Ludwig Institute for Cancer Research.

The project, possibly the biggest scheme undertaken by a private individual without funding from the capital markets, called for the wholesale clearance of virgin Amazon forest, turning the vast tract of land into an enormous tree and rice farm.

Fast growing trees were to have been planted, producing thousands of tons of pulp a day while rice farming and mining activities would boost revenues.

However, the octogenarian Mr Ludwig, who bought the site in 1967, has already effectively abandoned the project, which is thought to have lost more than $75m in 1980, handing over responsibility to Sr Augusto Trajano de Azevedo Atunes, a friend and Brazilian entrepreneur.

Increasing nationalist sentiment among Brazilians and Jari's propensity for absorbing money rather than producing it convinced Mr Ludwig to pull out.

Under the takeover, Mr Ludwig will get none of his investment back initially. The scheme involves the Brazilian Government and a pool of about 20 companies raising about $280m which will cover the project's existing external debts.

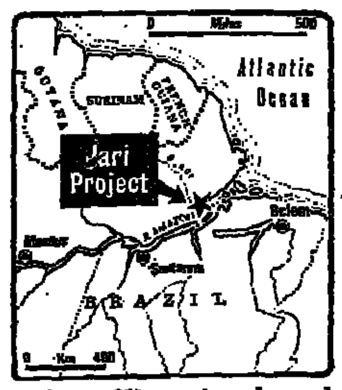
Although final details are still to be worked out, it is understood that the pool of Brazilian companies will have to find about $100m.

Sr Antunes, who heads Caemi, the manganese producer, will provide about 40 per cent of the private capital.

The remaining $180m represents money which the Brazilian State Development Bank (BNDE) committed as a loan guarantee to cover the purchase of a cellulose mill and power plant.

It is believed this debt will be transferred to the state-owned Banco do Brazil, the country's largest commercial bank, which will receive preference shares. This virtually assures the Brazilian Govern-

Continued on Back Page



Jari, a $1bn minerals and cellulose project and the tropical dream of Mr Daniel Ludwig, the U.S. shipping magnate

U.S. embargo blocks Russian pipeline parts

BY KEVIN DONE IN FRANKFURT AND DAVID WHITE IN PARIS

GENERAL ELECTRIC of the U.S. yesterday said it cannot deliver parts worth $175m (£91m) to European companies for the Soviet natural gas pipeline from Siberia to Western Europe because of President Ronald Reagan's sanctions over Poland.

The move could seriously hit the Soviet Union's ambitious construction timetable for the 3,500 mile pipeline. The first gas is due to flow before the end of 1984.

GE said the crucial components, due to go to its European manufacturing associates—AEG-Telefunken in West Germany, John Brown in the UK, and Nuovo Pignone in Italy had been reclassified and now needed "validated export licences." These would not be granted by the U.S. Department of Commerce's Export Administration.

The Russians chose GE industrial turbine technology in preference to equipment offered by European manufacturers not associated with GE such as Rolls-Royce of the UK.

The parts to have been supplied from the U.S. were the rotors, stator blades and nozzles through which the hot gas driving the turbines would pass.

They would have accounted for about a third of the value of the contracts for the 125 turbines. The turbines in turn are key components of the 41 compressor stations which must be built at regular intervals along the pipeline to compress the natural gas and aid its flow.

GE said it had not yet received official notification from the U.S. government about the sanctions classifications, but "unofficially, we have told our manufacturing associates in Europe what the government's position is."

It had begun to manufacture the turbine parts at its two factories at Schenectady in New York State, and at Greenville, North Carolina, but stopped work following the embargo announcement.

The manufacturing associates would be free to acquire the parts elsewhere under the terms of their licensing contracts, but apart from Alsthom-Atlantique in France, part of the CGE electrical group which the French government is in the process of nationalising, there appears to be little alternative access to the GE technology.

Alsthom-Atlantique holds GE licences, arising from earlier agreements, to manufacture the parts. But it has made none so far, though it has received orders from the Soviet Union for 40 rotor kits similar to those GE was to supply.

Industry officials in France

Continued on Back Page

Zloty's unofficial value tumbles, Page 2

Soviets try for another DM 300m

By Kevin Done in Frankfurt

THE Soviet Union is seeking a further credit of about DM 300m (£70m) from a consortium of West German banks led by Deutsche Bank to fund down-payments for German equipment for the planned Siberia-West Europe gas pipeline.

The request was made by Moscow before Christmas. Some of the German institutions approached are believed to be reluctant to take part in a new tranche of credits.

Originally it was agreed that the Russians would make a 15 per cent cash down-payment for German equipment but Moscow is now seeking to finance this payment as well.

The suggested DM 300m credit would run for seven years, but there is still disagreement on the terms.

The volume of the German banking consortium's credit to the Soviet Union for equipment for the $15bn (£7.8bn) pipeline project has been sharply reduced over the past 12 months in line with the modest orders won by German companies.

A year ago a huge credit of about DM 10bn from West German banks appeared likely. It is now expected that supplier credits will total little more than DM 2.5bn, with 80 per cent guarantees from the West German Government-backed Hermes export credit insurance institution.

It is understood that about DM 1.65bn of this total would be refinanced for four years through the AKA, the West German banking system's export credit institution, with up to DM 900m coming in a parallel banking consortium credit.

After four years the AKA supplier credit would be replaced by a DM 2bn buyer credit granted by the consortium, led by Deutsche Bank. To date the orders won by German companies for pipeline equipment have proved so meagre that a significant portion of the potential supplier credit remains to be used.

Fragility of Labour peace exposed

BY ELINOR GOODMAN AND JOHN LLOYD

THE FRAGILITY of the Labour Party's and the unions' new agreement to preserve the peace until the next election was exposed—though not ruptured—yesterday as right and left placed widely different emphasis on the unwritten treaty of Bishops Stortford.

Mr Tony Benn's supporters tried to put a price on the peace agreed in such a euphoric atmosphere only 24 hours before at the 1½ day conference of trade union and Labour party leaders.

While Mr Benn himself maintained a diplomatic silence, his associates made it clear they wanted to use the threat of another divisive contest for the deputy leadership as a way of protecting the gains made by the left over the last three years,

and of preventing any purge of far left elements.

Mr Chris Mullins, one of Mr Benn's closest advisers during last year's campaign, warned that the left would not "surrender." It was not, he insisted, "peace at any price." If the right thought the left would "lie down and allow the right to walk all over them," they were wrong.

His remarks prompted an immediate reminder from Dame Judith Hart, the party chairman, of the need to preserve the peace, and of the dangers of "sabotaging" the deal.

Senior union leaders — who hold the fate of the party much more firmly in their hands than before — remain convinced that Mr Benn will not stand again for the deputy leadership. It is understood that a delegation of left-wing union general secretaries met Mr Benn before Christmas, and made clear they would not support his continued candidature. He replied that he would not press it.

However, he also told the union leaders that this promise lapsed if the right did not agree to suspend hostilities, and hold to that agreement.

Yesterday some rightwingers were concerned that there had been a "sell out" at Bishops Stortford, and were worried that the new atmosphere of unity might encourage Mr Michael Foot, the party leader, to abandon his newly launched attack on the far left. But the right's main tactic seemed to let the Left be the first to break the truce.

The greyest part of the deal seems to be in the area of expulsion from the party, and the non-endorsement of Parliamentary candidates selected by constituencies. Mr Benn had apparently included this on a list of conditions he laid down in a statement he had intended putting out after the meeting.

If Mr Foot did feel bound by such a condition, it could seriously undermine the effectiveness of the investigation the party launched into the activities of the Militant Tendency last month.

Within the unions there is a clear difference of views on how the far left should be handled.

Mr Bill Keys, general secretary of the print union Sogat and a left-winger, said he believed groups such as Militant should be "controlled" but not expelled. On the right, Mr Roy Grantham, general secretary of the white collar union Apex, said that if the current inquiry into Militant found against the organisation, it should be expelled.

It is understood that Mr Terry Duffy, right-wing president of the powerful engineering union, is deeply sceptical of the accord and feels it does not deal with the problem of right wingers who have fallen foul of left-controlled selection committees.

Labour's warring factions reach fragile truce, Page 6
SDP and Liberals to restart talks, Page 6

£ in New York

	Jan. 6	previous
Spot	$1.9180-9195	$1.9245-9260
1 month	0.35-0.30 dis	0.33-0.28 dis
3 months	0.85-0.75 dis	0.75-0.68 dis
12 months	1.20-1.00 dis	1.10-0.90 dis

Smith St Aubyn loses £15m

BY WILLIAM HALL, BANKING CORRESPONDENT

SMITH ST AUBYN, one of the most successful houses in the discount market in recent years, has lost around £15m on its gilt-edged portfolio since its financial year started last April. The result is that both the company's inner and published reserves "have been extinguished."

This is believed to be the largest loss by a discount house in recent memory. The news shook the discount market, which has traditionally had a close relationship with the Bank of England. The Bank uses the discount market as the main focus of its money market operations by buying and selling paper with the discount houses to increase or reduce the amount of money in the system.

The news of Smith St Aubyn's loss accompanied the announcement of a one-for-one rights issue at 25p per share to raise £2.7m. The final dividend for the year to April 5, 1982 has been omitted, and the company is unlikely to be able to pay its preference share dividends.

Last night the shares closed 97p down at 35p. The FT Actuaries index for the sector fell by over 12 per cent.

The losses at Smith St Aubyn are bound to increase the concern of the Bank of England about the capacity of the discount market to weather the volatile movements in the gilt-edged market.

Union Discount and Gerrard and National, the two biggest houses, account for well over half the market, and the remaining dozen houses are finding it increasingly difficult to make a profit.

Mr Jeremy Smith, the chairman of Smith St Aubyn, said the losses resulted entirely from the fact that the group had taken the wrong view of the gilt-edged market.

At the end of its last financial year, which had been the most successful in the company's history, Smith St Aubyn had over £300m of gilt-edged stock — more than half its total book.

The group expected interest rates to fall in 1981 and forecast that profits would be buoyant as a result. However, interest rates went up rather than down and the group was forced to cut its losses in some cases by selling large amounts of stock, often in a narrow market of below market prices.

The group had invested over £100m in one stock — Treasury 15 per cent 1985. The price of this stock had fluctuated by some 11 points over the period. Mr Smith said yesterday that such volatile movements were "historically unbelievable" in a stock with under four years to run.

Lex, Back Page

Vehicle output down sharply

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

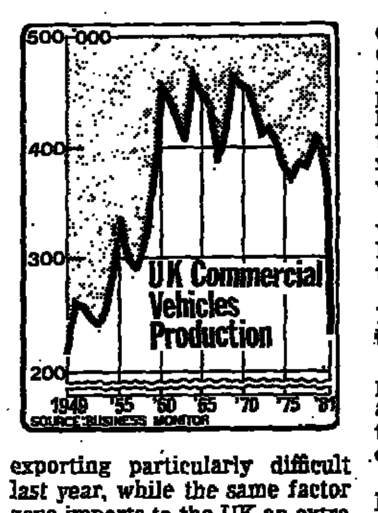
VEHICLE production in Britain dropped sharply again last year.

Commercial vehicle production suffered worst, with output falling to a level not seen since 1949. Only 230,100 commercial vehicles were produced last year, 41 per cent down on the 389,200 made in 1980, according to provisional estimates by the Department of Industry yesterday.

Production of cars also fell again last year, in spite of successful British-built models such as the new Ford Escort and the BL Metro.

Car output at 903,000 was 2.27 per cent down from the total of 924,000 in 1980, the year when output dropped below 1m for the first time since 1958.

Manufacturers blame the high value of the pound against most other currencies for making



exporting particularly difficult last year, while the same factor gave imports to the UK an extra competitive edge in a time of reduced demand.

By the end of November, for example, 20 per cent fewer commercial vehicles were registered than in the same period of 1980. Yet importers had pushed up their share of the market from under 25 to nearly 32 per cent of the vehicles registered.

The UK-based commercial vehicle manufacturing industry has had to cut back sharply in the face of this output cut.

Foden went into the Receiver's hands and was bought by Paccar of the U.S.

ERF cancelled expansion plans, reduced its vehicle range and cut its workforce by more than half from 1,400 to 750 over the past year.

Seddon Atkinson, owned by International Harvester of the

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Cowley tea break cuts deferred, and Alfa three-week lay-offs, Back Page

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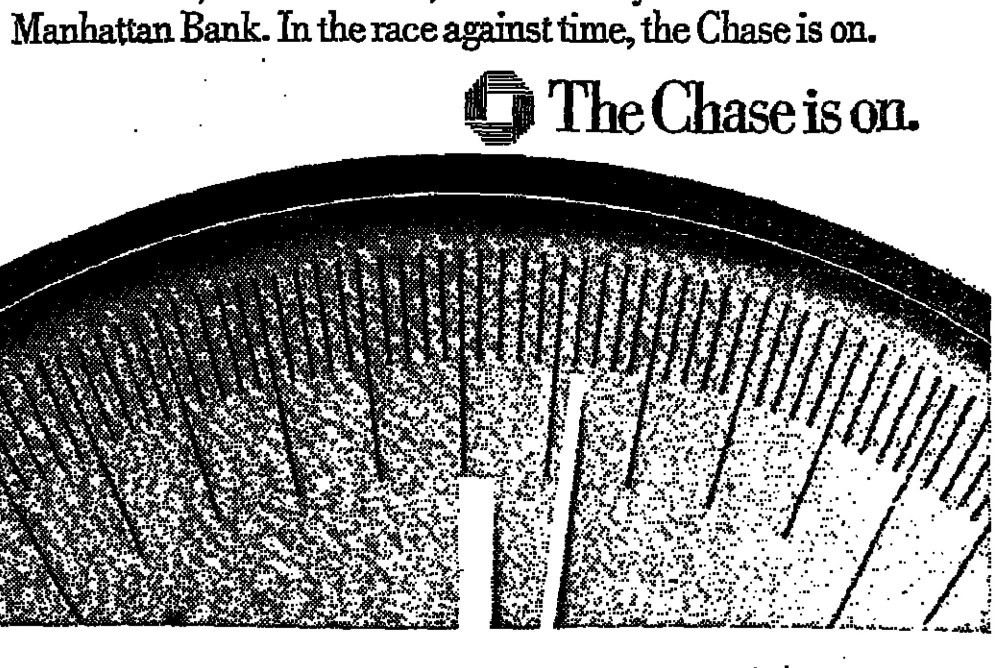

Unemployment leaps to 1.7m in West Germany

BY KEVIN DONE IN FRANKFURT

THE NUMBER of people unemployed in West Germany jumped to 1.7m in December, the highest level since 1953. Some 7.3 per cent of the workforce was without work last month, compared with 6.4 per cent in November.

The average level of unemployment in 1981 was 1.27m. The Federal Labour Office expects an average figure this year of at least 1.6m and believes unemployment could rise to as much as 2m during January and February.

The lengthening dole queues will add further weight to union demands for the Government to stimulate the economy and increase pressure on the Bundesbank to relax its tight monetary policy.

The jobless total jumped by 213,886 in December. There are now more than 14 unemployed for each job vacancy, the number of which shrank further by 13,951 to 118,410. The number of workers on short-time rose by 69,489 to 505,542.

The biggest addition to the unemployment register came from the construction sector, where 141,020 people were unemployed in December, an increase of 43,982. The domestic building industry is going through its worst recession of the post-war period.

The biggest single group of unemployed are office workers, however, with 310,900 out of work, followed by the metalworking industry with 256,644 unemployed.

The West Berlin-based German Institute for Economic Research warned that the number of people in work this year could shrink by 300,000 and even a modest recovery in the economy in the second half of the year is unlikely to bring any marked improvement in the unemployment picture.

The Statistical Office said yesterday that the West German gross national product had shrunk by 0.3 per cent in 1981, following a rise of 1.8 per cent in 1980 and a jump of 4.4 per cent in 1979. Forecasts from the economic institutes and from the Government's Council of Economic Advisers suggest a marginal growth in the economy of 0.5-1 per cent this year.

According to Economics Ministry figures industrial production fell in November on a seasonally adjusted basis by 1 per cent, chiefly because of falling construction activity.

On a two-monthly comparison, production in October/November was down by 0.5 per cent on the same period in 1980. The biggest decline has come in consumer goods manufacture and building where output was 4 per cent lower. Capital goods manufacture has shown a modest increase of 1.5 per cent.

There is little sign of any improvement in the near future and new orders to manufacturing industry showed a gain of just 1 per cent in November over October (in real terms and seasonally adjusted).

The increase was caused alone by the strength of foreign orders which showed a growth of 4 per cent, while the continuing weakness of the domestic economy was reflected in the fall of 2 per cent in domestic new orders.

In October/November, new orders showed an increase of just 1 per cent in volume over the corresponding period of 1980. Domestic orders were 6.5 per cent by volume below the level of a year ago, while strong impulses came exclusively from abroad with a jump of 18 per cent.

Disquiet is also mounting in the ranks of the Social Democratic Party, the senior partner in the ruling coalition in Bonn, over the sharp rise in the number of people out of work.

Sr Calvo Sotelo . . . talks with Mrs Thatcher

Hopes high for end to Gibraltar deadlock

By Robert Graham in Madrid

THE SPANISH Prime Minister, Sr Marcelino Oreja, issued a due to meet Mrs Margaret Thatcher, his British counterpart in London today in a new attempt to break the deadlock on Gibraltar.

A cautious optimism pervades both Spanish and British diplomats that the meeting will lead to an announcement on the opening of the frontier, unilaterally closed by Spain in 1969.

However, the same diplomats point out that both Prime Ministers have only limited room for manoeuvre and the meetings may end in failure as have all previous attempts at various levels. This said, Sr Leopoldo Calvo Sotelo is Sr Calvo Sotelo would not be visiting London if a positive outcome were unlikely.

Today's meeting has been preceded by more than a month of official preparatory talks, including a hectic last-minute round right through Christmas until early this week. The aim of these talks was both to create the necessary climate of confidence and to cover the details associated with any opening of the Frontier.

In April 1980 Lord Carrington, the British Foreign Secretary and his then Spanish colleague, Sr Marcelino Oreja, issued a joint statement in Lisbon paving the way for the opening of the frontier . . .

The statement said that, in return for Spain reopening the frontier, Britain would undertake to negotiate all aspects of the Rock's future. The frontier was expected to be open that June. However, the agreement was never implemented, largely because Spain insisted on a series of reciprocal gestures.

These included concession of equal status in Gibraltar as other EEC nationals and the right to stay the night in the Rock—gestures which would enable the Spanish Government to show that it was not giving away its trump card to secure eventual sovereignty. It is precisely this aspect which makes the talks so politically sensitive in Spain and in the UK.

The British Government is committed to maintain its policy of supporting and sustaining the Gibraltarians and to do nothing without consultation.

The Spanish Government has to take account of fierce national sentiment over the status of the Rock, and especially the Right-wing which strongly supports the maintenance of sanctions against Gibraltar until sovereignty is conceded.

Britain is willing to make these reciprocal gestures once the frontier is opened, and Spain is reportedly equally committed to the reopening the frontier. The speculation is that this will probably be tied to Easter.

The day that the frontier is opened, the British have also agreed to begin wider negotiations on the colony's future status.

These negotiations will be split into two elements—those where there are differences (the question of sovereignty, the status of the airfield built allegedly illegally, according to the Spaniards, on territory not included in the original Treaty of Utrecht), and those where there are new areas of co-operation (Nato, economic ties with the Campo area, etc).

This is the first time that Sr Calvo Sotelo and Mrs Thatcher have met as Premiers, although the latter came to Madrid in 1978 for the congress of the ruling Union de Centro Democratico. If the Gibraltar side of the talks goes smoothly, this will then leave time for broader topics such as Nato, the EEC and East-West relations. Sr Calvo Sotelo will be arriving from Brussels where he spent the previous day meeting with EEC officials.

Greek forces change

Greece's Supreme Council of National Defence has completed sweeping changes in the armed forces leadership by retiring six more Lt-Generals, 10 Major-Generals, two Rear Admirals and two Air Vice-Marshals, writes Victor Walker in

ECONOMIC SANCTIONS AGAINST MOSCOW CONSIDERED

Japan moves to freeze Polish aid

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN YESTERDAY took steps to freeze future financial assistance to Poland, and said it was considering economic sanctions against the Soviet Union.

At the same time, however, officials confirmed that a series of talks designed to lay the foundations for ending a three-year interruption in "normal" bilateral relations with the Soviet Union would go ahead as scheduled.

The decision not to extend further economic co-operation to Poland, except after a change or improvement in the political situation in Warsaw was explained yesterday to the Polish Chargé d'Affaires by the director-general of the Foreign Ministry's European Bureau. The ministry added that the majority of existing commitments to Poland would be honoured.

Japan's "acute concern" about the Polish situation (and its acceptance of the U.S. thesis that the Soviet Union is to blame) has been communicated on two successive days to Mr Dmitri Polyanski, the Soviet Ambassador. On Wednesday, the ambassador was summoned to an interview with Mr Zenko Suzuki, the Prime Minister. It was the first meeting of its kind for nearly four years. Yesterday, essentially the same message was repeated by the Foreign Ministry.

Despite the fact that it has come out explicitly in support of President Ronald Reagan's interpretation of the Polish crisis (though admittedly after a delay of several days), Japan does not appear to have considered cancelling plans for a series of "working level" talks with the Soviet Union later this month. The talks, are to be held in Moscow on January 20 and 21, between officials, and will lay the foundations for a visit to Tokyo by Mr Andrei Gromyko, the Soviet Foreign Minister, later this year.

In "normal" times, Japan and the Soviet Union hold talks at foreign minister level on an annual basis, with the meeting place alternating between Tokyo and Moscow. In fact, neither minister has made the trips since 1978, the year before the Soviet intervention in Afghanistan.

The working level talks are expected to focus on bilateral issues, including the northern territories issue, involving four Soviet occupied islands north of Hokkaido which are claimed by Japan. Foreign Ministry officials said yesterday that they would also cover international issues, including Poland.

A report in a Japanese newspaper that Mr Suzuki had described the bilateral issues as "more important" to Japan than the crisis in Poland was denied yesterday by the Ministry. It said the report was based on a conversation between the Prime Minister and a number of reporters in a passage of a government building and that Mr Suzuki had been misheard.

The economic co-operation with Poland that Japan still plans to implement includes a 20,000 tons rice shipment promised before the introduction of martial law and the rescheduling of some Y22bn (£52m) worth of Japanese loans (agreed in July 1981). There is considerable doubt whether the Government will allow the Exports-Import Bank to open a Y6.9bn (£16m) line of credit which was promised to the Poles in November to finance Japanese steel and machinery exports. A spokesman for the bank yesterday said the credit line had "not been effectuated" and now might not be.

Poland is due to make another Y20bn worth of repayments during 1982 of loans covered by its Japanese Government insurance fund. The present Japanese policy line of freezing financial assistance would make it difficult to start talks on rescheduling of these loans but the Japanese are well aware that Poland may not be able to pay anyway.

Solidarity leaders call for passive resistance

BY OUR FOREIGN STAFF

LEAFLETS SIGNED by leading Solidarity trade unionists who have escaped arrest are beginning to appear in Warsaw and elsewhere in Poland, suggesting that the independent union movement is regrouping underground. It is thought that the union's central command structure has probably broken down, but that the movement is surviving in small resistance-style cells.

Lists are circulating of leading Solidarity figures still at large. Mr Wladyslaw Frasyniuk, a member of the union's 18-member praesidium and head of the Wroclaw branch, declared in a letter that the union had not fallen apart under martial law.

"It still exists and acts and its authorities are working because of the will of the overwhelming majority of the Polish people," he writes. The authorities are offering a reward of Zloty 250,000 (nearly £2,000) as a reward for his capture.

Another Solidarity leader, Mr Zbigniew Janas, head of the branch at the giant Ursus tractor factory, has also issued an underground bulletin urging workers to form secret committees to prepare for a general strike.

Both men warned strongly against active resistance, but called on workers to co-operate underground in passive opposition to the military authorities. "Remember that the authorities are murderers," writes Mr Janas. "They are indifferent to the number of people they shoot if it suits their interests."

Another top Solidarity leader, Mr Zbigniew Bujak, head of the Warsaw branch, is also at large and has also issued a statement to the union's supporters advising against violence. Three leaders of the August 1980 shipyard strike at Gdansk — Mr Bogdan Lis, Ms Alina Pinkowska and Mr Bogdan Borusewicz — have reportedly escaped the security net, too.

Solidarity's ninth bulletin since martial law, dated December 30, repeats the demands of Mr Lech Walesa, the movement's chairman, that if the Government wishes to negotiate with the union, it must release the entire union presidium and three of Mr Walesa's closest advisers. It also claim that the imposition of martial law was decided upon and worked out last spring.

Further indications of the military government's fear of the union regrouping underground are provided by the decision not to reopen the universities and technical colleges until further notice. Many university teachers are having to undergo "verification," the process by which their political credentials are reviewed, before being allowed to continue to teach. Many journalists are likewise being quizzed by panels.

Peter Montagnon, Euromarkets Correspondent, adds: A small group of Western bankers met in London yesterday to review the legal documentation of the proposed agreement allowing Poland to defer repayment of some $2.4bn of debt falling due in the final three-quarters of 1981.

Mr Bujak . . . call to avoid violence

The three-hour meeting was called to review the legal contract for the rescheduling which was distributed in draft form last month to some 500 banks owed money by Poland.

Reactions of these banks has not so far thrown up any serious legal differences over the documentation, but bankers who follow Poland now say there is little more they can do to finalise their side of the agreement until full communications are restored with Warsaw.

France to step up research

BY TERRY DODSWORTH IN PARIS

THE FRENCH Cabinet has given the go-ahead to an ambitious expansion of the country's research effort with the aim of increasing total expenditure to 2.5 per cent of gross national product by 1985.

The programme will demand an annual increase of about 17.5 per cent in real terms over this period for that part of research controlled by the Research and Technology Ministry. But a similar effort will be required from industry, where the state sector, including those companies due to be nationalised, has the dominant role in research spending.

Leaders of the French employers' association have already given a guarded welcome to the Government's plans, but are waiting to see what inducements may be offered to help them step up their own research. Plans to allow tax deductions against research and development investment are currently being studied by the Administration.

A rapid increase in spending has already begun, following the 30 per cent boost given to the Research Ministry's budget this year. The rise, probably amounting to about 15 per cent in real terms, means that its spending will go up to about FFr 25.4bn (£2.3bn), or around half of the country's total expenditure.

Expansion of the research budget is seen as one of the key elements in the Socialist Government's plans for the development of French industry. Socialist planners argue that the country has slipped well behind its main industrial competitors in this field, devoting only about 1.8 per cent of gross national product to research, compared with well over 2 per cent in the U.S., West Germany, Japan and Britain.

Netherlands to cut shipyard aid

By Charles Batchelor in Amsterdam

THE NETHERLANDS is to continue support for its shipbuilding industry, but aid will be reduced over the next four years.

Demand for new ships should have picked up sufficiently by 1985 for Dutch yards to stand on their own feet, Mr Jan Terlouw, Economics Minister, said in a letter to parliament.

The Government plans to pump a further Fl 621m (£131m) into the industry from 1981-1985 in the form of subsidies for orders and investment premiums. In addition, it will continue to provide interest rate subsidies, but has rejected a proposal to increase the maximum rate of 2 per cent.

After providing Fl 248m to shipbuilders in 1980, the Government intends to make 80 per cent of this sum available retrospectively in 1981, 55 per cent this year, 30 per cent in 1983 and 20 per cent in 1984. Additionally, two large yards, Van der Giessen-de Noord and the specialised dredger building yard, IHC Holland, will receive aid in 1985.

The cabinet is more optimistic about the recovery of demand than the commission set up several years ago to co-ordinate the restructuring of the yards. The commission had recommended that the volume of support should be kept unchanged in 1981 and should fall to 25 per cent over four years.

Within the funding limits, aid will continue on roughly the same basis as before. Shipyards qualify for an amount of aid equivalent to 10 per cent of their average turnover in 1977-79. The Government provides 1.5 per cent of the value of orders worth Fl5m rising to 15 per cent on orders worth Fl 15m or more.

EEC farm prices show largest rise since 1976

BY OUR BRUSSELS CORRESPONDENT

THE EEC's 9m farmers secured the largest increases in product prices since 1976 last year, although in most member states the price rises did not match increased production costs.

According to preliminary estimates from the EEC's statistical office, the EEC's index of producer prices for farm products rose by 11.3 per cent last year over 1980. This compares with a 7 per cent increase the year before and is the highest rise since a 16.8 per cent increase in 1976.

The rise in the index last year broadly matches the Community's rate of increase in consumer prices. However, it is slightly less than the 12.8 per cent estimated increase in the cost of agricultural "inputs"—the cost of goods and services used in agricultural production.

This is one factor used by EEC farmers' organisations to justify their call for a 16.3 per cent rise in the Community's guaranteed prices to farmers this year. They also claim that farm income problems have been aggravated by high interest rates and stagnant and, in some cases, falling production.

The European Commission is due to produce its 1982-83 price proposals on January 18. These are thought likely to average between 7 and 9 per cent, but interest will focus on the extent to which the Commission seeks to apply its proposals for limiting guarantees for roducts in surplus.

EEC Foreign Ministers are due to meet next Thursday in a further effort to agree reform guidelines affecting milk, Mediterranean products and the rate of growth of farm spending. If they again fail to reach a settlement, then negotiations could be taken up by the Agriculture Ministers in the context of the Commission's price proposals.

Although the prevailing double-digit rate of inflation in the EEC will put pressure on Farm Ministers to award generous price increases, the gap between producer price increases and the rise in production costs over the last 12 months is substantially less than last year when it amounted to 4-5 percentage points.

In addition, there has been little or no drop in farmers' real incomes, whereas in 1979-1980 they fell by an average of 25 per cent.

Yugoslavia finds oilfield

BY ANTHONY ROBINSON

YUGOSLAVIA, whose dependence on Soviet oil and gas imports has been the basis of a large increase in Yugoslav-Soviet trade over the last two years, has announced a promising oil find off the Gulf of Kotor in the southern Adriatic.

A drilling platform owned by a consortium of Yugoslav and foreign companies, including the U.S. companies Buttes Gas and Oil and Chevron Overseas Petroleum struck oil at a depth of 3,000m in seas 300m deep some 30 kms off the entrance to the Bay of Kotor.

It is not known whether the oilfield is commercially viable, but gas in commercial quantities was found recently on the island of Brac, part of an archipelago off Split, while another promising find has also been made by a Yugoslav-Italian consortium drilling in the north Adriatic off Istria.

The bulk of Yugoslavia's 4.5m ton annual domestic oil production has come until now from onshore deposits in Croatia and the Pannonian basin.

Zloty's unofficial value tumbles

BY LESLIE COLITT IN BERLIN

THE POLISH zloty has fallen through the floor of the unofficial foreign exchange market in Western Europe which deals in non-convertible East European currencies.

Nearly all banks in West Germany are refusing to accept zlotys and only a few exchange bureaux specialising in East European money will take the Polish currency at a heavy discount.

Herr Hans Binsch, owner of an exchange bureau in West Berlin, said he is paying 10 pfennigs (2½p) for 100zlotys but that he has not had a customer in weeks. The official exchange rate inside Poland following last week's 57 per cent devaluation of the zloty is now 80 zlotys for one dollar. However, not many Poles are exchanging zlotys for dollars at the official rate.

Before the military takeover in Warsaw, 100 zlotys still fetched 90 pfennigs in the West Herr Binsch explained. As for buying zlotys, he and most West German banks are offering 100 zlotys for 60 pfennigs. They are attracting "a few buyers" among diplomats who are still able to enter Poland and among the 20,000 Poles now living in West Berlin who are sending some money to their relatives in Poland.

The reason for the large margin, Herr Binsch said, is the conviction that the zloty will continue to fall. There is also a widespread belief that the military authorities could issue new banknotes. "This would leave us holding a lot of scrap paper," he noted.

Herr Binsch and other dealers in East European currencies, whose official exchange rate is artificially set by their governments, believe the current series of banknotes would not be invalidated merely to catch the many speculators, big and small, inside Poland who have sold scarce goods at exorbitant prices.

"They are quickly exchanging their piles of zlotys into smaller stacks of dollars because the unofficial (black market) value of the zloty is sinking day by day. Now, they are safely in dollars."

Instead, he suggested, the Polish Government might want to "knock off a few zeros from the banknotes for reason of appearance," as poles have lost what little confidence they had in the zloty, which ironically also means golden in Polish.

E.German attack on Schmidt

By Our Berlin Correspondent

EAST GERMANY has attacked Chancellor Helmut Schmidt of West Germany over his latest reaction to the Polish military takeover, for the first time since the meeting last month between Herr Schmidt and President Erich Honecker. The sharp criticism could signal a hardening of the East German line towards Bonn.

The attack, by the East German news agency, came over Herr Schmidt's remarks in Washington on the military crackdown in Poland. East Germany abstained from any criticism of Herr Schmidt until he supported President Ronald Reagan's statement that Moscow was behind the Polish military government.

At the same time the Soviet news agency Tass was mildly critical of Herr Schmidt, leaving the East Germans to be more explicit.

The East German government news agency, in a dispatch prominently carried in all newspapers yesterday, said that although Herr Schmidt did not agree "wholly with the U.S. sanctions, he was interferring—no matter under whose influence — in Poland's internal affairs."

It also accused the Bonn Government of "grossly violating" the Helsinki declaration by "trying to dictate to the Polish government how it should conduct its domestic affairs."

French Left aims to heal split

PARIS—French Socialist and Communist leaders will meet today to discuss their opposing views on the events in Poland in a confrontation that marks the first serious ideological split in an uneasy eight-month alliance.

It is only the second such meeting since M Francois Mitterrand swept into power last May and appointed four Communists to his 44-member Cabinet. The appointments brought cries of alarm from many leaders in the conservative political forces that had ruled France for 23 years.

The meeting today also is expected to produce a heated debate between the Socialists and their pro-Moscow Communist allies.

"We will discuss foreign policy toward Poland. There are a number of things I want to say to (French Communist Party leader) Georges Marchais and other Communist leaders," said M Lionel Jospin, the Socialist chief.

"I also have a lot of things to say," commented M Marchais, whose party announced it had "absolutely no intention" of budging from its stand on Poland.

Despite that contention, Socialist leaders believe they can bring the Communists around to their point of view.

"Our differences, or at least some of them, can be overcome during the meeting," predicted M Jean Poperen, the Socialists national elections secretary.

Eight delegates from each party will be at the meeting, which has been postponed several times since its original mid-December date.

The Socialist and Communist differences over Poland surfaced almost immediately after martial law was proclaimed last month and have been widening ever since.

In one of the strongest statements from a European leader: M Mitterrand condemned the military crackdown and said the loss of liberties in Poland must be vigorously and consistently denounced.

The French Communist Party has never condemned the military takeover Instead, M Marchais has said it "was the best possible solution, or in any case, the least worst"
AP

Community urged to make stronger protest

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS are being urged by Belgium to protest to General Wojciech Jaruzelski, the Polish leader, about his speech to Community ambassadors in Warsaw on Monday and to reiterate the West's three demands for easing the military crackdown.

Mr Leo Tindemans, the Belgian Minister for External Affairs who is now president of the EEC's Council of Ministers, told journalists in Brussels that his government was trying to organise a toughly worded EEC response to Gen Jaruzelski's one and a half hour address to ambassadors.

Mr Tindemans said the general had mostly tried to justify the military repression and had failed to offer any adequate reassurances about restoring human rights. He believed that the Ten should emphasise the contents of the EEC foreign ministers' declaration on Monday, which called for the lifting of martial law, the release of detainees and the restoration of a dialogue with both the Solidarity union and the Church.

It was still unclear, said Mr Tindemans, whether General Jaruzelski had hinted at the possible expulsion of union leaders, but there was no question of the EEC seeking clarification on this point nor of it offering any encouragement to a policy of deportation.

"The answer would be as tragic as the question," he said.

Mr Tindemans also suggested that Belgium might be forced to place restrictions on the Polish embassy in Brussels in retaliation against the severing of telephone and telex links with the Belgian embassy in Warsaw. Anger at the restrictions has been increased by the refusal of the Polish authorities to allow a doctor to visit the Belgian embassy to treat the ambassador's son, who was taken ill this week.

EEC foreign ministers attending the special Nato ministerial meeting in Brussels on Monday are expected to resume a discussion on whether Mr Tindemans should go to Warsaw and Moscow to express Community concerns directly. The idea was blocked last Monday by France and Greece.

Even if Mr Tindemans received the go-ahead, his trip could be doomed before it started because he would almost certainly insist on seeing Solidarity and Church leaders. Access to the former might well be blocked by the Polish authorities.

Paris's position on the proposed visit may prove to be more flexible than Greece's. The Papandreou government is beginning to cause increasing concern and irritation because of its reluctance to march in step with the rest of the Community on both the Polish and Middle East issues.

As a result, other governments are beginning to think in terms of pressing ahead on the basis of consensus among the Nine while leaving Greece free to dissociate itself from EEC foreign policy decisions.

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Death call hoax, say Italy police

BY JAMES BUXTON IN ROME

ITALIAN POLICE yesterday abandoned their search in the Abruzzi mountains for the body of the kidnapped U.S. General, James Le Dozier, convinced that the telephone call that prompted it was a hoax by the Red Brigades intended to divert them.

Investigators were studying the text of part of the terrorist interrogation of the general, copies of which were found on Wednesday night in Milan and Padua. The general, a staff officer at Nato Southern Europe Land Forces headquarters in Verona, was kidnapped three weeks ago.

Extracts from the Red Brigades communique published in the newspapers showed nothing to suggest that the general was disclosing any sensitive information, or that he was being unduly helpful to his captors. The interrogation mainly concentrated on his career and on precautions against terrorism at Verona.

In Rome a senior member of the Special Branch was recovering in hospital after being shot in the head on Wednesday by a terrorist who came to the door of his flat disguised as a postman. The officer managed to fire at the terrorist, wounding him, before he collapsed. The gunman and a number of accomplices disappeared.

The officer had directed an operation in the historic centre of Rome on Monday night in which two Red Brigades members were arrested. Police believe that they, and up to eight others who escaped, may have been preparing to kidnap one of a number of important political and business figures who have flats in this part of Rome.

The attack on the police officer, claimed by both the Red Brigades and by a Right-wing terrorist group (he had previously been in charge of investigating Right-wing terrorism), added to the impact of the Red Brigades' current offensive and helped divert police attention from the operation to find Gen Dozier. On Sunday afternoon other Red Brigades members carried out a spectacular operation at a prison at Rovigo in the Veneto region and freed four suspected women terrorists

Saudi concern at pressure for oil sanctions

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SAUDI ARABIA and the other conservative oil producers of the Gulf are deeply apprehensive about the possibility of a U.S. veto of the resolution now before the UN Security Council condemning Israel's annexation of the Golan Heights.

If the U.S. Administration also failed to take its own unilateral measures against Israel, pressure from radical Arab states to impose oil sanctions against the U.S. and other Western states will grow remorselessly, according to senior Saudi officials.

The Saudis are also reported to be alarmed at the gains made by Iran in its conflict with Iraq. Riyadh is well-informed about the development of the war through its access to the electronic data gathered by the Awacs radar surveillance aircraft, operated from its territory by the U.S. Air Force.

Associated with these fears is Riyadh's information about the recent coup attempt in the neighbouring Gulf state of Bahrain. They understand that the men, including 13 Saudis, who were arrested before they could attempt the overthrow of the Al Khalifa regime were extremely well armed and trained.

The U.S. supported the UN resolution last month condemning Israel which followed the decision last month of Mr Menahem Begin's Government to extend Israeli law, jurisdiction and administration to the Golan Heights.

The Saudi rulers are perplexed by the reaction of Washington to the annexation of the Golan Heights. In particular, they are bewildered by the way in which the U.S. Government, having suspended an order for $300m of military equipment, subsequently improved the terms of the next $2.2bn aid package for Israel.

Saudi Arabia and the other conservative oil producing states of the Gulf believe that the U.S. should, at the very least, put some squeeze on the flow of financial assistance to Israel if it is to protect its friends and interests in the Arab world.

Publicly the kingdom's disquiet was expressed by Prince Saud al Feisal, Foreign Minister, at a news conference held late on Wednesday in Riyadh at the end of a visit by Sig Emilio Colombo, his Italian counterpart.

He said that if the UN Security Council did not approve sanctions against Israel, its failure to do so would bring "conflict and not peace" to the Middle East. He appealed to the U.S. to act "positively."

Saudi Arabia and fellow members of the Gulf Co-operation Council, which groups the six traditional Arab regimes of the region, are also understood to be deeply alarmed about developments in the Iraqi-Iranian war.

Casualties and loss of ground suffered by Iraq are one reason why the Saudi leadership urged President Hafez al Assad of Syria to use any influence deriving from his links with the clerical regime in Iran to bring an end to the conflict. But the Saudi ruling hierarchy is now sceptical about his will and ability to do this, even though Damascus would like to see an end to the war in the hope of bringing about Islamic solidarity to confront Israel.

Almost intolerable pressures on the oil producers to take action against states which in any way condone the Israeli annexation of the Golan Heights are now expected to be applied at the Arab Foreign Ministers' conference scheduled to take place in Tunis next week.


Prince Saud al Feisal

Meanwhile, Kuwait is preparing a draft plan for the collective defence of the Gulf to be submitted to the GCC. It was revealed by Sheikh Salem al Sabah, Kuwaiti Minister of Defence in an interview yesterday with a local newspaper.

Angola accuses S. Africa of attack

LISBON—Angola accused South Africa yesterday of attacking Cuban troops deep inside the country, and of escalating the conflict with long-range air raids.

The official Angolan news agency Angop quoted the Defence Ministry as saying a Cuban soldier had been killed, three wounded and one captured when South African forces attacked Cuban and Angolan units 190 miles north of the Namibia border last weekend.

It said three Angolan soldiers had also been killed in the raid, involving aircraft and helicopters, in an area between Ula and Mujambe. The Ministry said a South African statement on Tuesday that the Cubans had been shot near the Namibian border was false.

According to South Africa the clash occurred in what Pretoria describes as an operational area along the border. This refers to a stretch of territory between Namibia and the Cunene River, which Luanda says has been under South African control since a major incursion last August.

● A senior police officer blamed saboteurs yesterday for an explosion that damaged Government offices in Johannesburg's satellite city of Soweto last night. No one was injured.

Reuter

Nigeria holds key to Ghana coup future

By Quentin Peel, Africa Editor

THE FUTURE of the New Year's eve military coup in Ghana could be decided by the attitude of the Nigerian Government, which provides Ghana with virtually all its oil supplies.

Senior members of the deposed civilian administration in Accra, who have fled the country since the coup, say that Ghana already owes Nigeria some $90m (£46.7m) for oil supplies. Meanwhile, there are currently only a few weeks' reserve supplies in the country, in spite of strict rationing already in force.

According to the refugees, the Nigerian Government agreed to extend its credit terms at a meeting with Dr Hilla Limann, the former Ghanaian president, held just before Christmas. However, it has yet to state publicly its attitude to the new coup leaders, under Flt Lt Jerry Rawlings.

When Flt Lt Rawlings seized power in June 1979, and executed three former heads of state, the then military government of Nigeria cut off oil supplies. Apart from a very modest level of production from Ghana itself, the country receives all its supplies on generous credit terms from Lagos.

An alternative supplier would be Libya, which has already recognised the Provisional National Defence Council in Accra, and is accused by Flt Lt Rawlings' opponents of having actively backed the coup.

Accra airport and the country's borders remain closed more than a week after the coup, although Flt Lt Rawlings has said that the port is open.

Sudanese student dies

By Rick Wells in Khartoum

STUDENTS from Khartoum University staged a silent protest yesterday following the death of a student shot by riot police during Wednesday's demonstrations. Police surrounded the university yesterday and guards were placed at the hospital where the student died.

The university senate was to meet last night to decide whether the university is to be shut down.

Meanwhile, 12 politicians from south Sudan who were summoned to Khartoum for interrogation on charges of illegally organising a political party were released yesterday. Five are still in detention.

EGYPT'S NEW CABINET

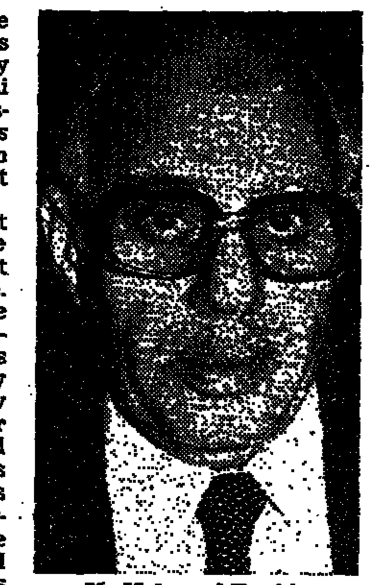
Mubarak disappoints with his reshuffle

BY ANTHONY McDERMOTT IN CAIRO

"Shidde heilak" — with these words, which mean a cross between "good luck" and "try your hardest," President Hosni Mubarak entrusted the ministerial job of running Egypt's economy to Mr Abdel-Fattah Ibrahim in his first cabinet reshuffle.

It is a powerful irony that this greeting has been made a person on his sickbed, and it is sadly appropriate in this case.

This is because many people—both Egyptian and foreign—have been disappointed by this partial reshuffle, particularly when it comes to the new economic team. For, Mr Mubarak, since he succeeded Mr Anwar Sadat after his assassination on October 6, has resolutely said that after internal security, reform of the economy to eliminate waste and exploitation was to be his priority.


Mr Mohamed Ibrahim

A partial reshuffle had been promised for some time, with a view to strengthening the economic sector. But the nature of the appointments have brought most observers to hope that deliberately or not the cabinet changes are a temporary feature, and that the real changes are yet to come, probably after the projected withdrawal from Sinai by Israel

The timing of the reshuffle, in which the key positions of defence and foreign affairs were unchanged, came as something of a surprise and seems to have been precipitated by three factors. The first was a general need for change in presidential style after Sadat's haughty paternalism.

The second was probably Mr Mubarak's desire to establish a government more of his own before the national economic conference planned for the second half of this month, before his first trip abroad in February to the U.S., West Germany, France and Britain, and before Israel's withdrawal.

But the third and most compelling reason, which could well account for the weakness of the appointments, was that Mr Mubarak has promoted himself as being strongly against corruption. Dr Abdel-Razzak Abdel-Meguid, the Deputy Prime Minister with overall responsibility for the economy (Mr Ibrahim's predecessor), had been named—in probably unfair circumstances—along with another minister in a corruption case.

What seems to have happened is that Mr Mubarak hastily asked Dr Fuad Mohieddin, his first Deputy Prime Minister and now full Premier, to select a new cabinet with emphasis on changing the holders of economic portfolios. This he did, choosing largely men with whom he has had a working relationship over the nine years in which he has been a minister.

Mr Ibrahim, now 60, has been governor of the Central Bank of Egypt since 1976, having retired because of ill health after stints as minister of finance and social insurance in the mid 70s. According to most observers, he is able but physically not up to the demands of his job and lacks the dominating presence which, whatever his faults, Dr Abdel-Meguid had in abundance.

Mr Mubarak has inherited a difficult economic situation. The inflow of funds from four big earners is growing substantially less fast than in recent years while the population and imports continue to grow at an alarming rate. The more liberal "open door" policy has increased corruption and helped to intensify social strains between the very rich and others. Perhaps Dr Abdel-Meguid's key mistake during his 19 months in office was not to use the balance of payments surplus—in the face of advice from the World Bank and IMF—to attempt to alter the basic structure of the economy so that it might become more self-sustaining.

Subsidies constitute one main area which is to receive attention. Mr Mubarak was apparently appalled to learn that they are now running at about E£2bn (£1.2bn) a year.

The "open door" economic policy has increased corruption and intensified social strains

Dr Abdel-Meguid propably also failed because he lacked patience in his justified attempts to control the foreign exchange markets and to curb imports. As a result he moved too fast and haphazardly, causing uncertainty and confusion. He also seriously underestimated the fact that oil prices would fall from their 1980 peak on which he based his assumptions. It is an irony that Mr Ibrahim should be his successor, for they were often at loggerheads, with the Central Bank complaining they had been left out of important decisions. Mr Ibrahim is temperamentally a completely different character, quiet, personable and diligent. Given the nature of his task, doubts remain whether in the long term he and his largely unknown colleagues are equal to the task central to the success of Mr Mubarak's government.

Martial law decree in Bahrain

By Mary Frings in Bahrain

THE Bahrain Government has published a decree empowering it to declare martial law if it sees any external or internal threat to the country or its leaders. The decree follows the discovery last month of an Iranian-backed plot to overthrow the regime.

Bahrain's Interior Minister, Sheikh Mohammed bin Khalifa al Khalifa, said earlier this week that 60 men now under arrest would be charged under Section 122 of the penal code, which states that a death sentence shall be inflicted on any person who has collaborated with a foreign power to carry out hostile acts against the state.

Settlers in Sinai to get higher compensation

BY DAVID LENNON IN TEL AVIV

THE ISRAELI cabinet yesterday approved a payment of £137m to the Jewish settlers being evacuated from Sinai, but a number of Ministers protested that this was far too high a price to pay the evacuees.

The settlers, who must leave their homes, farms and businesses in the northern Sinai before the April 25 withdrawal date under the peace agreement with Egypt, had threatened not to leave their settlements unless the Government increased its original compensaion offer.

Last month they burnt Government offices and hung an effigy of Mr Menahem Begin, the Prime Minister, in protest. Yesterday the settlers said they were delighted with the Government's decision which means they will receive some 20 per cent more than had been offered earlier.

Mr Yoram Aridor, the Finance Minister, opposed the increases at a time when Government budgets were being cut. Mr David Levy, a Deputy Premier and Minister of Housing, said it was immoral to give in to the "bully boy tactics" of the settlers.

However the Cabinet decided by five votes to four in favour of additional compensation. A number of Ministers abstained or were absent. This decision does not apply to the squatters who have recently moved into the Sinai settlements determined violently to oppose the withdrawal.

Second Iraqi pipeline sabotaged

BY METIN MUNIR IN ANKARA

IRAQ'S OIL exports suffered another serious blow yesterday when saboteurs blew up the main pipeline carrying crude to Yumurtalik on Turkey's eastern Mediterranean coast.

Until the pipeline is repaired Iraq's oil exports are unlikely to exceed 300,000 barrels a day (b/d), compared with nearly 3.5m b/d immediately before the war with Iran broke out in September, 1980.

Last weekend the newly-reopened pipeline to Tripoli in northern Lebanon was also blown up and a tanker attempting to load was hit by shell fire.

Since the outbreak of the Gulf war Iraq has relied on the pipeline to Turkey for the bulk of its exports, averaging about 600,000 b/d. Agreement with Syria provided for another 300,000 b/d via the pipeline to Banias but 100,000 b/d is taken by the Syrians for domestic consumption.

Iraq has been forced to borrow heavily from Gulf Arab states to sustain its war effort and maintain its economic development programme. It is understood to have received pledges of $14bn in the past nine months, primarily from Kuwait and Saudi Arabia.

Repair work on the Turkish pipeline is reported to have started almost immediately and officials hope it can be completed in five days. The explosion took place inside Turkish territory, close to the border with Syria.

Work is also continuing on the Tripoli pipeline but has been hampered by bad weather. Until both pipelines are operating again, Iraq is solely dependent for its remaining oil exports on the goodwill of Syria, which has been supporting Iran in the Gulf war.

Iraq has been discussing with Saudi Arabia the possibility of constructing a new pipeline to the Red Sea to ease its dependence on the more vulnerable routes to Turkey and Syria.

It has no prospect of resuming shipments by sea until the dispute with Iran over the Shatt al-Arab waterway has been resolved.

Malaysia cuts crude price

MALAYSIA has cut the price of its crude oil by up to $1 a barrel following pressure from international oil companies, Ray Dafter, Energy Editor, writes.

Industry reports said that Petronas, the state oil corporation, had cut the price of its most popular Tapis blend light crude oil by 30 cents a barrel. The cost of the lower grade Bintulu crude is being cut by $1 to $35.10 a barrel.

The move by Malaysia—which is not a member of the Organisation of Petroleum Exporting Countries—follows similar price cutting measures by other important producers. Mexico, for instance, has just cut the average price of its output by $1 a barrel.

Malaysia currently produces about 260,000 barrels a day. Its exports, of about 200,000 b/d, go mainly to the U.S. and Japan. Industry reports said that Petronas had been forced to cut its prices in the face of a continuing weak oil market.

Car workers expected to clear way for pay talks

BY PAUL BETTS IN NEW YORK

UNION representatives at General Motors and Ford are expected today to clear the way for preliminary discussions on a new three-year wage contract with the two companies. Some 500 Ford and GM delegates are expected to vote in favour of giving union negotiators the go-ahead to start talks on the new contract.

Although the three-year labour contract of the United Auto Workers Union at GM and Ford does not expire until September 14, the car union and the companies seem anxious to reach a settlement as soon as possible.

The delegates vote appears a foregone conclusion, as pressure has been building up on the union to reach as equitable a settlement as possible in the face of the continuing slump in the U.S. car industry and the threat of further extended lay-offs.

For the car companies, 1981 was another disastrous year, with sales at rock-bottom levels. The car companies now hope 1982 will see a recovery in car sales. But this turn-round is not expected to occur in the next few months, in view of the country's continuing recession and the uncertain outlook on the interest rate front.

The car-makers are asking the unions to agree to numerous concessions to hold down labour costs.

Car workers at Ford and GM have so far said they were not ready to make concessions, but the fact they are ready to open negotiations so soon suggests they may well compromise.

Oil companies are meanwhile negotiating a new labour contract with the Oil, Chemical and Atomic Workers' Union.

These negotiations affect some 400 contracts which run out at the end of this month and involve 55,000 refinery workers.

The oil companies have offered 7 per cent wage increases this year and 5 per cent in 1983. But the unions rejected this initial offer and are now considering a new offer made by Gulf Oil.

Gulf's latest offer involves an increase of 8 per cent in wages in the first year and 6 per cent in the second, in a two-year contract. This is the best offer so far made by any oil company to the union.

But Gulf's offer did not include labour demands for a "no lay-off" policy to protect workers from the threat of redundancy. The union indicated yesterday that it will probably reject Gulf's offer.

Baldrige blames management

BY DAVID LASCELLES IN NEW YORK

Mr Malcolm Baldrige, the U.S. Commerce Secretary, yesterday put some of the blame for the declining productivity record of the U.S. on the poor management, although he said unrealistic wage settlements, particularly in the car industry, had also played a part.

Mr Baldrige's remarks were made to the first meeting of the new National Productivity Advisory Committee set up by President Ronald Reagan to look into ways of boosting U.S. productivity.

He said that management had made "a lot of mistakes" in the past 20 to 30 years and should take a close look at its practices.

Mr Baldrige particularly singled out management's obsession with short-term targets, such as quarterly earnings gains, and said executives should start focusing on longer-term objectives.

Mr Baldrige acknowledged that Government has also hampered productivity growth in certain businesses. In the auto industry, for example, U.S. energy policy of holding down gasoline prices had removed any incentive for Detroit to produce fuel-efficient cars, a failing for which it is now counting the cost.

Auto workers had also won wage rises that were out of line with productivity increases, he said, and this had priced U.S. cars out of the market.

Latest recession 'began in July'

BY OUR NEW YORK STAFF

THE LATEST U.S. recession started last July, according to the National Bureau of Economic Research, the private business analysis group officially charged by the U.S. Government with dating business cycles.

This is somewhat earlier than most economists had thought — August and even September had been mentioned. This means that the period of expansion from the previous recession in 1980 was only 12 months, one of the shortest on record.

Most economists expect the economy to show signs of recovery this quarter or by mid-year at the latest. However, some have begun to hedge their forecasts in light of the recent rebound in U.S. interest rates.

● Petroleum consumption in the U.S. is expected to decline for the second consecutive year this year, the Energy Department forecast yesterday.

The department, which President Ronald Reagan wants to phase out gradually, said petroleum consumption will decline by 0.7 per cent this year, following a 4.3 per cent decline last year.

Petrol consumption is also expected to decline for the second year running. Petrol consumption dropped 4.2 per cent last year and the department expects it to drop by another 1.2 per cent this year.

Oil imports, however, are expected to rise by 1.8 per cent next year after falling by as much as 10.7 per cent in 1981.

Levesque's chief strategist resigns

By Robert Gibbens in Montreal

THE chief strategist of the Parti quebecois, Mr Claude Morin, has resigned as Minister of Intergovernmental Affairs in Quebec.

Mr Morin had mapped out the party's step-by-step route towards sovereignty and, ultimately, independence, which was rejected by militants at a party conference in December.

Mr Morin's job will be taken over temporarily by Mr Rene Levesque, Premier of the French-speaking province, who is fighting to re-establish his authority in the party.

Mr Levesque has called a ballot among party members in which he wants them to back two principles.

These are that sovereignty must be coupled with a form of economic association with the rest of Canada; and that Quebec should not go ahead without the backing of a majority of its electorate.

That majority does not at present exist. The objective of "sovereignty-association" developed by Mr Morin and Mr Levesque in the late 1960s was rejected by the electorate in a referendum in May 1980.

Mr Morin suffered another setback last year when he failed to hold together a majority of the Canadian provinces opposing the constitutional reform plans sponsored by Mr Pierre Trudeau, the Canadian federal Prime Minister.

Mr Trudeau outmanoeuvred Quebec which was left in lone opposition, claiming that Mr Trudeau was violating provincial rights. The constitutional plan has gone forward for endorsement by Westminster.

The debacle encouraged Parti quebecois militants to resume their all-out push for independence to be proclaimed if the party won the next elections, even if it did so (as in both 1976 and 1981) with a minority of the popular vote.

The results of Mr Levesque's ballot are expected before the end of this month. He is expected to win, but has admitted he does not foresee many more than 100,000 of the party's 300,000 members bothering to vote.

French supply arms to Sandinistas

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has risked a further clash with the U.S. over its support for left-wing régimes in Central America by agreeing to supply arms to the Sandinista Government in Nicaragua.

Details of the agreement were published in this week's edition of the weekly magazine L'Express. The French External Affairs Ministry yesterday confirmed that an arms sale had been made to Nicaragua last month. It declined to elaborate on the type of weapons beyond saying that they were of a "light" and "non-offensive" nature.

U.S. anger at the deal is likely to be exacerbated by the failure of the U.S. Administration to obtain direct French confirmation until now of recent reports circulating in Latin America of the French arms sale.

According to the magazine report, France has agreed to provide two patrol boats, two Alouette-3 helicopters, lorries and limited naval and air training. The deal is said to be worth over FFr 100m (£10m).

In September, the U.S. reacted with indignation to a joint French-Mexican decision to recognise the two left-wing guerrilla organisations fighting the U.S.-backed Government in San Salvador.

The joint initiative was afterwards condemned by nine right-wing administrations in South America.

In an attempt to dispel fears that the arms will be passed to guerrillas in San Salvador, the French External Affairs Ministry emphasised yesterday that the contract included a clause forbidding re-export.

The issue is, however, certain to be taken up with M. Charles Hernu, French Minister of Defence, who is at present on a visit to the U.S.

The External Affairs Ministry yesterday put the arms sales in the context of France's growing ties with Nicaragua. M. Claude Cheysson, the Foreign Minister, visited the country in August. France has also agreed to provide food aid and financing for several industrial projects.

The Ministry emphasised that French policy was not to let Third World countries become exclusively dependent on the Eastern bloc for arms supplies.

The U.S. view is that Nicaragua is already heavily armed and that the French sale will exacerbate tensions in Central America.

More broadly, the arms deal fits into President Mitterrand's belief that tensions in Central America reflect economic and social inequalities and that left-wing régimes need support to keep Communism at bay.

CIA director back in spotlight

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR WILLIAM CASEY, President Ronald Reagan's controversial Director of the Central Intelligence Agency (CIA), was yesterday once again back in the spotlight of unwelcome Washington publicity.

In a front-page story, the Washington Post said it had Government documents strongly suggesting that he should have registered as a foreign agent when representing the Indonesian Government as a private lawyer in 1976.

Mr Casey contended in past Senate inquiries into his affairs that he only performed limited legal services for Indonesia and attended "informational meetings" with officials of the Internal Revenue Service—activities that would not require him to register as a foreign agent.

The Post, however, maintains that documents show that Mr Casey actively lobbied top officials at the Treasury Department, including Mr William Simon, the then Treasury Secretary, for multi-million-dollar changes in U.S. tax law — an activity that would normally require him to register.

The issue of whether or not Mr Casey should have registered is currently under review by the Justice Department.

The Senate intelligence committee said yesterday that the Post article contained nothing that was new to the committee or its staff.

Last month, after a lengthy inquiry, the Committee somewhat grudgingly concluded that Mr Casey was "not unfit" to serve as CIA director, criticising him for "inattention to detail" in disclosing his past business dealings.

The finding was accompanied by calls for his resignation similar to those that greeted last July's allegations about the business record of the man he had appointed to head undercover operations, Mr Max Hugel. Mr Hugel resigned, Mr Casey narrowly survived.

Mr Hugel maintained his innocence, but Mr Casey's critics, and there are many of them in Washington, argued that he had shown bad judgment in appointing Mr Hugel—particularly in his capacity as a former chairman of the Securities and Exchange Commission, the watchdog of Wall Street.

Curb urged on TVA nuclear programme

KNOXVILLE—The Tennessee Valley Authority (TVA) is building too many nuclear plants, because the growth of power is fading, according to a staff report urging further curbs on the authority's power programme.

Three nuclear reactors could be mothballed as a result of the conclusions by the TVA economists.

The forecast also shows that new coal-fired power plants could be more feasible in the next decade.

Crushing interest rates, inflation and stiffer safety requirements in the wake of the Three Mile Island nuclear reactor accident near Harrisburg, Pennsylvania, have driven the cost of the TVA programme to seven or eight times its original estimate, Mr David Freeman, a TVA director, said.

AP-DJ

Fresh talks on Falklands planned

BRITAIN and Argentina are preparing a new round of negotiations on the future of the potentially oil-rich Falkland Islands, the disputed British colony in the South Atlantic.

Fresh talks had been planned to take place in Geneva in the week before Christmas, but were postponed because of the removal from the Argentine Presidency of Gen Roberto Viola and the major Government reshuffle that followed it.

According to Foreign Office officials in London, the two sides are planning to meet early this year, probably in February, although the location of the talks has yet to be decided.

Whitehall has yet to assess fully the implications of the change-over in Argentina, although it recognises that the new Argentine Government may be tempted to take a tougher stand than its predecessor on foreign policy issues.

Leopoldo Galtieri, the new President, has in the past taken an uncompromising stand on Argentina's other major territorial dispute, involving Chile and its claims to three Argentinian islands in the Beagle Channel.

Argentina wants sovereignty over the Falkland Islands. Whitehall, however, has always insisted it must respect the wish of the 1,700 islanders to remain British.

Both sides are pressing for a solution because of the recent discovery of oil-rich offshore fields near the islands. Oil companies are reported to be reluctant to commit themselves to any major investment unless the territorial dispute is settled.

Golden Gate Bridge re-opens

By Louise Kehoe in San Francisco

SAN FRANCISCO'S Golden Gate Bridge was reopened yesterday after being closed for two days by storm damage to the highway leading from the bridge to East Bay.

A huge landslide had covered the highway during a storm which saw a record 10 inches of rain fall in the area in 24 hours.

The death toll stood at 24 yesterday, and is expected to rise.

Turkey optimistic on trade

By Metin Munir in Ankara

THE TURKISH Government is forecasting a substantial increase in both exports and imports.

The increases will continue to leave the visible trade balance in deficit, but the Government expects a strong performance in the invisible sector to meet the deficit, Mr Kemal Canturk, the Trade Minister, said yesterday.

Mr Canturk expected exports to rise to $5.6bn (£2.9bn) from last year's estimated $4.5bn. Exports were up 65 per cent in the first 11 months of 1981, he said.

Earlier this week he announced a 1982 target of $10bn in imports compared to $8.8bn in 1981. He said yesterday that the trade deficit would be covered partly by about $2.8bn in remittances from workers abroad and by $825m in foreign credits.

The targets indicate the Government's confidence in the continued economic recovery. No difficulties were expected in financing the trade deficit, which, at $4.4bn, will be almost the same as last year.

The services balance in 1982 is expected to be in the black by a net $2.7bn. The Government is expecting $2.6bn from expatriate workers, $400m from tourism and $700m from other services.

It is also planning to use project credits of $900m and programme credits of $400m this year. The main suppliers of credit are the U.S., which will provide $200m, Saudi Arabia, $150m, and the World Bank, which will supply $400m.

The Government seems confident it will be able to bridge the overall balance through short-term trade financing and medium-term loans.

Turkish exports grew by an impressive 54 per cent last year and also underwent changes in their structural and geographical aspects.

Industry started to catch up with agriculture which traditionally dominates exports. In the first 10 months of 1981, industrial exports were 48 per cent of the total compared with 36 per cent in the same period of the previous year. The corresponding figures for agricultural exports were 57 per cent and 47.6 per cent.

UK companies seek Philippines steel deal

BY EMILIA TAGAZA IN MANILA

DAVY McKEE and Direct Reduction of the UK have joined forces in an attempt to win a turnkey contract to expand a steel complex in the Philippines worth up to $800m (£421m).

The two British companies are competing against a consortium of Lurgi of West Germany and Voest Alpine of Austria and Kawasaki Heavy Industries of Japan in partnership with Krupp also of West Germany.

The winning group will build an iron-making plant, a steel-making plant, and a rolling mill at the National Steel Corporation's (NSC) complex at Iligan Province, in southern Philippines.

The three units would integrate NSC's operations and aim to increase the company's maximum capacity to 1.5m tonnes of slabs.

The integrated steel mill is one of the Philippine Government's 11 major industrial projects aimed at overhauling the country's industrial policy and shifting it away from import-substitution to large-scale, export-oriented industries.

The others are: a copper smelter, a phosphate fertiliser plant, a diesel engine industry, establishment of a heavy engineering industry, an aluminium smelter, an expanded local cement industry, an integrated pulp and paper mill, a coco-chemical plant, a petrochemical complex, and an alcogas programme.

But like some of the other projects, the steel plant plan has been scaled down. Mr Roberto Ongpin, Industry Minister, who packaged the projects, originally envisaged a blast furnace which would have cost about $2bn at current prices. But the government has now settled with the less costly solid reduction process, which will use natural gas as feedstocks, and locally produced coal and products as raw materials.

After a cabinet meeting yesterday, which centred on the government's industrial strategies and policies, Prime Minister Cesar Virata said that among the 11 industrial projects, the scaling down is in the integrated steel mill project.

Mr Virata said that six of the projects are being implemented and will come on-stream by 1985 as originally scheduled.

These are the copper smelter, the fertiliser plant, the diesel engine industry, the heavy engineering industry, the cement industry expansion, and the pulp and paper plant.

Meanwhile, the contract for the coco-chemical complex, which is designed to process the bulk of the country's coconut oil into fatty alcohol, is to be signed formally next week with Lurgi.

Manila concerned over drop in tourism

BY FRANK GRAY, RECENTLY IN MANILA

THE PHILIPPINES' reputation of having the largest English-speaking population in south-east Asia, including Australia, has spurred its drive to attract foreign tourists and to boost its international convention business.

The national tourist office in Manila says the country has enjoyed nearly three decades of tourism growth, particularly during the hotel building boom of the 1970s. This culminated in 1980 with a record 1.1m foreign tourists, the first time the Philippines had topped 1m.

The country's hoteliers are concerned at the sudden, though not unexpected, downturn in tourism experienced last year. Preliminary estimates are that tourism will have fallen by about 8 per cent in volume terms for the year. The decline comes at a sensitive time for the hotel industry, many of whose hosteleries were beginning to show profitable occupancy rates of 60 and 70 per cent, a welcome improvement from the 30-40 per cent levels in the years following the building boom. Foreign tourism is worth about $500m a year to the economy.

The decline is centred on the Philippines' two largest customer nations, Japan and the U.S., whose combined tourist count comprises nearly 40 per cent of the country's foreign visitors, and an even higher proportion of foreign exchange revenue.

Japanese tourists are likely to have fallen by more than 20 per cent to 210,000 for the year, while those from the U.S. are seen as falling by about 5 per cent to about 165,000.

But two other markets which have boomed in recently, Australia and Hong Kong, are also in decline. The Australian tourist count has fallen by 10 per cent to 65,000 and Hong Kong's by 5 per cent to about 95,000. The high volume of Hong Kong visitors is offset somewhat by the fact that a high proportion stay only a few days. Hong Kong is a 90-minute flight from Manila.

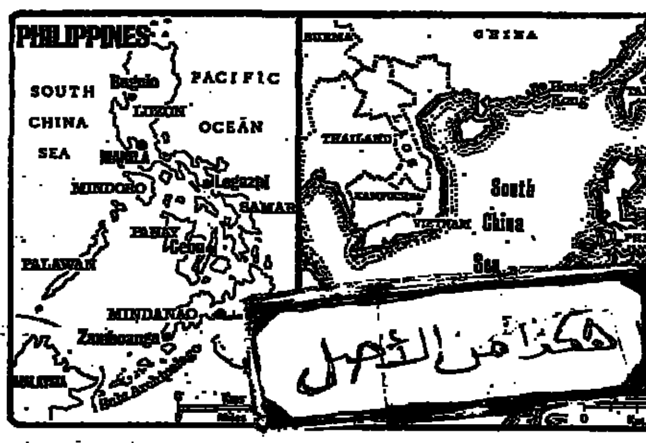
The decline is attributed generally to the worldwide recession affecting the tourist and air transport industries.

Officials are hopeful that any prolonged deterioration in these key markets could be offset by continued growth in some of the newer markets. Among these are West Germany and Britain, virtually non-existent sources of tourists a few years ago, but which provided the Philippines with an estimated 32,000 and 21,000 visitors respectively last year, in each case an increase of 5 per cent.

Strong Italian and Swiss markets, each of about 10,000 last year, also are expected to grow rapidly.

Another boost will come from South Korea, a scarcely touched region which has been hampered by travel controls. These have been eased recently and the Philippines is hoping to reap the benefits in 1983.

The Department of Tourism and the Philippines Convention Bureau have much at stake in supporting the industry, for hundreds of millions of dollars have been poured recently into



hotel and convention facility development and into Philippine Air Lines (PAL), the national airline.

A decade ago, Manila had four international-standard hotels, but now there are 14 five-star and eight four-star properties in the capital city of the island, which has a population of 50m.

While Manila has been the focal point for most building, the Tourism Department has pushed for improvement in hotels and tourist facilities throughout the country in places such as Baguio, north of Manila, and the Legazpi, Cebu and Zamboanga resorts to the south.

The convention business, the focal point of which is the $100m International Convention Centre, built in the mid-1970s, is less seriously affected.

The convention centre, the largest in South-East Asia, has shown a steady growth in bookings and is expected to host 100 international gatherings next year, attracting 225,000 delegates.

Less satisfactory, however, is the status of PAL. An almost continually profitable private airline until it was nationalised in the late 1970s, it has embarked on a costly fleet and route expansion programme. It operates Airbus and Boeing wide-bodied aircraft to various points.

The route expansions have nearly doubled its international passenger boardings from 725,000 two years ago. But the price has been high, for the company lost Pesos 394m (£26m) in its last fiscal year, one in which the Government, as shareholder, increased its stake from Pesos 1bn to Pesos 3bn (£66m-£200m).

Jordanian contract for Wimpey

By Our World Trade Staff

GEORGE WIMPEY International, has won a £27.4m contract from the Ports Corporation of Jordan to build container and roll-on-roll-off berths at Aqaba

Work starts this month on the berths, which will be 350 metres long and be carried on tubular and sheet piles. Decking will be of precast concrete construction. It is expected that work will be completed in June, 1984.

● Lazard Brothers has arranged an ECGD-backed line of credit of £9m for the purchase by Reliance Textiles of Bombay of 12 model SD 58 draw-texturing machines from Ernest Seragg and Sons, a division of Stone Platt Industries, of Macclesfield, Cheshire and of three diesel generating sets from Mirrlees Blackstone of Stamford, Lincolnshire. Funds will be provided by Lazards and by Bank of Baroda.

● General Electric has entered the lists against Rolls-Royce and Pratt and Whitney in the competition to supply engines for Singapore Airlines new Boeing 747 aircraft with stretched upper decks.

At about $20m (£10.5m) for the engines plus spares for each aircraft, the deal will be worth about $160m.

● Airbus Industrie, the European airliner manufacturing group, has won its first order of 1982—one A-300 Airbus for Egyptair, worth about $30m (£15.7m), raising that airline's fleet to eight aircraft.

This raises total Airbus orders to 503 (344 firm and 159 on option), of which 158 have been delivered.

●Ghana Airways has ordered one Fokker F-28 Fellowship jet airliner. This brings to 191 the number of F-28s ordered to date.

● Jet America, a U.S. domestic airline, has ordered one McDonnel Douglas DC-9 Super 80, bringing to 114 the total of Super 80s ordered firmly to date, of which 63 have been delivered.

● The Airline of the Marshall Islands has ordered one British Aerospace HS-748 airliner, bringing the total number of HS-748s sold to date to 358 to 79 opeartors in 50 countries.

● Boeing said in Seattle that KLM-Royal Dutch Airlines had ordered a 747 jet at a cost of about $90m, valued in 1983 delivery year dollars.

S.Africa to negotiate fresh trade agreement with Zimbabwe

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA has agreed to negotiate a new trade agreement with Zimbabwe to replace the preferential arrangement which the Pretoria government said would be terminated in March, 1982.

A date and venue for negotiations have not been fixed, according to a senior official of the South African Department of Industries and Commerce, but the official confirmed that "we're prepared to negotiate." A meeting may be held next month.

South Africa gave notice of its intention to terminate the agreement, signed in 1964, amid signs of a marked deterioration in political and economic relations between Pretoria and Salisbury.

The Zimbabweans are understood to have approached South Africa late last year about renewing or replacing the agreement.

It is not yet clear why South Africa has changed its mind, but various Western governments are known to have suggested that it should reconsider its decision to terminate the agreement in the interests of political stability in southern Africa.

The present agreement is of far greater benefit to Zimbabwe than to South Africa. It provides for the suspension of most export and import controls on trade between the two countries, for preferenctial customs duties and for quotas on some products.

The agreement has been a major factor in nurturing Zimbabwean industries which rely on the South African market, including clothing, footwear and radio manufacturers.

Although Zimbabwe is South Africa's largest market in Africa, exports are inhibited by stringent foreign exchange controls. South Africa's exports to Zimbabwe consist mainly of machinery, building materials and a variety of consumer goods.

Whatever form a new trade agreement takes, the South Africans are likely to insist on more evenly balanced benefits.

British Shipbuilders wins £14m Hong Kong order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has won an order to build a £14m bulk carrier for Taikoo Navigation of Hong Kong, part of the Swire Group. This brings the corporation's total Hong Kong order book up to 15 ships worth £165m.

The order is the second for the new B45 economy design first introduced at an Oslo exhibition last May. The 45,000 deadweight tonne ship is due to be delivered early in 1984.

BS won its first B45 order in November when the British affiliate of Jebsens of Norway ordered two from the Govan yard in Glasgow.

The vessels for Taikoo will be built by Sunderland Shipbuilders, who managing director, Mr Herbert Rice, said the subsidiary's forward workload was no better than it had been for some time.

Much of the work on the B45 was done by Sunderland, and Mr Rice commented: "The corporation believes it has found what the fuel-efficient economical bulk carrier owners are looking for in these highly competitive and financially stringent times."

He warned, however, that Sunderland Shipbuilders still needed to win more orders in the next few months if the present momentum was to be maintained.

Illustrating the strength of the Hong Kong fleet — BS orders for owners there represent 452,000 dwt — shipbrokers Harvey Mullion said latest figures showed a total fleet of nearly 57m dwt, mostly under flags of convenience.

● Hitachi Shipbuilding and Engineering says that it has contracted to export eight caissons worth Y5bn (£11.9m) to Esso Resources Canada, a Canadian developer of crude oil, mineral resources and natural gas, for use in the Arctic region, AP reports from Tokyo.

Prior's problem: setting a wise course while he is learning the ropes

Brendan Keenan on the problems facing a minister in a hurry

DESPITE his relaxed manner, Mr James Prior, Secretary of State for Northern Ireland, is a man in a hurry.

Unlike most of his predecessors, he arrived midway through a Parliamentary term and, win or lose, it is unlikely he will be back in the province after the next election.

That gives him little time to make his mark. The battered province needs progress, both economic and political and Mr Prior cannot afford to drop from sight for the next two years.

Such a time scale can be dangerously short in Ulster, where local politicians have learned to play very long indeed. Even those who are well disposed to a political initiative worry that talk of elections this spring or summer may be pushing things too fast.

At present it is merely talk. Mr Prior has committed himself to nothing. There is still time to pull back if the temperature does not feel right. It seems distinctly chilly at the moment.

Mr Prior inherited as difficult a situation as any Secretary of State. The hunger strikes possibly left behind more bitterness than at any time since the troubles started.

Politicians have grown so weary of the search for solutions that there is virtually an unspoken acceptance that doing nothing is as good a policy as any.

On the other hand, the Anglo-Irish dialogue, which has given Mr Prior problems with the Unionists, means that Mr Prior enjoys a better working relationship in Dublin than most of his predecessors.

He arrived with one self-inflicted disadvantage — his widely publicised reluctance to go to Ulster in the first place.

This episode is still used against him, particularly by the Rev Ian Paisley and his supporters.

The positive side is that Mr Prior is the most senior Secretary of State since M William Whitelaw. In addition, he probably has the best team of ministers to occupy Stormont Castle since the troubles began.

Ulster politicians refer to his obvious confidence and ability to absorb a brief or an argument, and they compare him favourably with some of his predecessors. But confidence can have its own drawbacks, especially when one is in a hurry.

Mr Prior made early blunders about the status of the B Specials and the report of the 1976 constitutional convention. In fairness, the hunger strikes and the deteriorating security situation which followed left little time for reading himself in before having to face angry deputations.

Even this week's news conference on his economic package, however, was not an unqualified success. Reporters felt they needed more information and there were complaints that the figures were unclear.

It is a familiar enough situation for those who have observed the years of direct rule. It is difficult for British ministers—especially new ones—to appreciate the small scale of Ulster affairs and the detail with which everything is reported and analysed.

Mr Prior is trying to learn and make progress simultaneously. Officials have been impressed at the flow of ideas from his office.

No one now is looking for an overall agreement between the warring parties. Instead, progress is to be made in stages and each stage should be able to stand on its own merits. That is one reason the economy seemed a good place to start.

Suspicious Ulster politicians will try to see where the stages are leading and try not to start the journey if they do not like the direction.

Mr Prior has already shown that he does not lack nerve, but has he enough time?

For whether he succeeds or fails, James Prior will probably have only one chance.

Mergers encouraged in paint industry by recession

BY MAURICE SAMUELSON

THE paint industry, with sales of about £800m a year, is witnessing a growing number of mergers and attempted mergers as the recession sharpens competition for home and foreign markets.

The trend was highlighted by Tuesday's news that International Paint, the 88 per cent-owned subsidiary of Courtaulds, has bought 12 per cent of the capital of Arthur Holden, the Birmingham-based manufacturer of surface coatings.

Holden, which attracted the interest of other companies in the past year, has not taken kindly to International Paint's hope that this might lead to an eventual merger and a full bid by IP appears out of the question.

Nevertheless, it is part of a well established trend. Last year saw the purchase by Silver Paint and Lacquer of the paint interests of the Bestobell engineering group and the sale of TI's paint company, Drynamels, to the Donald Macpherson group, which made several other acquisitions.

Blundell-Permoglaze recently acquired Federation Paints, of Scotland.

The industry has two main areas: decorative paints for the building trade; and industrial paints—such as lacquers, coatings, varnishes, adhesives and powder coatings and anti-corrosives—in which A. Holden is a medium-sized specialist.

The industry employs about 22,000 people. Although there has been some short-time working there have been no major closures.

In spite of the deceleration in building, demand for decorative paints has held up quite well while industrial coatings have gone down markedly.

Manufacturers of coatings are more heavily reliant on exports than the decorative paint producers who dominate their domestic market through well known brand names such as Crown, Dulux and Berger.

The packaging industry is the most important international market for the kinds of coatings produced by A. Holden. It is in this market that International Paint wishes to strengthen itself against major U.S. companies.

A. Holden traditionally has been linked with Metal Box, Britain's and Europe's biggest packaging company, which retains 9.3 per cent of A. Holden's shares although its holding was previously much larger.

International Paint has established itself as a world leader in the marine paint business and last year moved into a protective coatings deal in the U.S.

Mr Ronald Woodhouse, chairman of International Paint and a Courtaulds director, says he wants to see a strong European-owned company which could compete with the large U.S. coatings manufacturers which ride on the backs of the big U.S. can makers.

Row likely over site for Heathrow terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A ROW is likely as a result of efforts by British Airways to build a fifth passenger terminal at Heathrow.

The plan is to locate the terminal on the site of the existing sewage works at Perry Oaks at the western end of the airport, as an alternative to developing Stansted Airport, Essex.

Documents submitted by British Airways this week to the public inquiry into the development of Stansted identify two alternative locations for the Perry Oaks sewage works—one near Dorney and Eton Wick, close to Slough and the other at South Iver, between Colnbrook and the M-4 motorway.

Both sites are in the Green Belt, South Iver being in the Colne Valley Regional Park. Both are close to existing housing developments and that at Dorney is near a proposed housing development at Cippenham. The cost of a new sludge works would be about £60m.

Sir Ronald Bell, Conservative MP for Beaconsfield, said yesterday that both suggested sites were unacceptable and he would resist their development as major sewage works. The Buckinghamshire County Council is strongly opposed to their development.

British Airways is pursuing its case for the development of Terminal Five on the grounds that such a terminal, to handle up to 15m passengers a year, would be cheaper to develop than Stansted and would save British Airways up to £170m a year in operating costs.

The airline says Terminal Five could be in operation by about 1989-90, after the existing 264-acre Perry Oaks sludge works had been removed to another site.

The Thames Water Authority, which owns Perry Oaks, disagrees. In its submission to the Stansted inquiry it says it has no wish or intention to vacate the site at Perry Oaks.

"If required to do so by governmental or other pressures, Thames Water would require an acceptable alternative site to be approved, fully financed, and phased at a timescale acceptable to Thames Water's operational requirements."

Thames Water says it would not start to vacate even part of the Perry Oaks site until 1986—the date of what it calls the "decision to proceed."

Allowing one to three years to vacate even part of the Perry Oaks site, this means work on Terminal Five could not start until some time in 1987-89, and it would not be operational until the early 1990s.

The British Airports Authority—which is strongly opposed to Terminal Five but is vigorously campaigning in favour of Stansted—says it could have Stansted operational by 1988.

The arguments in favour of Terminal Five have yet to be discussed at the Stansted inquiry, but are expected to come up in the next few weeks.

There is certain to be a public outcry against any suggestion of moving the Perry Oaks sewage works to another site in West Middlesex or Bucks.

Defence Ministry puts tighter controls on torpedo deal

Bridget Bloom looks at Marconi's £500m contract

THE MINISTRY of Defence is place renewed emphasis on negotiating fixed price—as distinct from cost-plus—contracts for equipment as part of its effort to control spending.

In December it signed its largest such deal, a £500m contract with the Marconi company. Officials hope it will result in production of two new British torpedoes, which will carry big export hopes.

Scepticism has surrounded the project from its beginning more than a decade ago. The main issue has been whether Britain should develop its own "thinking" underwater weapons ore buy American.

Some politicians and officials believe that the decision to develop British torpedoes proved too costly. Early development of the lightweight torpedo, now called Sting Ray, mounted rapidly. By the time Marconi got its first management contract for the project in 1979, about £920m at then current prices had been spent.

The Ministry says early problems centred on poor management. Though Marconi was the prime contractor, the Ministry had overall responsibility. One official said the project "ambled along, its costs rising all the time." Originally it was financed entirely on a cost-plus basis, with the Ministry laying down specifications and meeting the bills as they came in.

Marconi's second main contract for Sting Ray, for £200m, signed in 1979, tied down the company and the Ministry more firmly. Marconi was made responsible for the project, which was given a "target" cost, and it shared overruns (or underruns) with the Ministry.

Details have not been made public but the Ministry says the company has done "rather well," with targets proving reasonably accurate.

The ministry has highlighted several key features in the £500m contract, which was announced to Parliament on December 17 and covers continued work on Sting Ray, and development and initial production of the heavyweight 7525 torpedo. No time limit is publicly specified but both torpedoes are expected to be in service by the late 1980s.

The features are:

- The contract is billed as being for a fixed price, and specifies that the company must produce an initial 100 heavyweight and 250 Sting Ray torpedoes;
- The company has agreed to a target unit cost once full production starts. If the company fails to produce the torpedoes at or under target cost, financial penalties will apply;
- The contract provides incentives on time, reliability and serviceability. Bonuses will be paid in certain cases — for example, if Marconi manages to produce within cost a faster or quieter torpedo than the minimum agreed specifications.

Marconi won the heavyweight torpedo deal against stiff competition from Gould of the U.S. Political factors like the retention of jobs help to explain why the Cabinet decided last September to give the contract to the British company.

However, the ministry acknowledged that the tenders were not really comparable. The U.S. Navy's cost for Gould's MK 48, estimated at between £350m and £450m, was for full delivery of an already developed weapon, whereas the Marconi contract was for final engineering development and initial production only of the two torpedoes.

Sceptics have voiced suspicions of a contract which wraps up the two torpedoes in one deal. But the ministry says many of the facilities and much of the technology and management are shared between the two weapons.

Instrument companies to make 660 redundant

By Jason Crisp

TWO COMPANIES making electro-mechanical instruments are making 660 people redundant because of weak demand in the home market and a move towards electronic equipment.

Brown Boveri Kent will make 300 redundant at two subsidiaries, Kent Process Control of Luton and Kent Industrial Measurements of St. Neots. Mr John Notley, chief executive of Brown Boveri Kent, blamed the recession in the petro-chemical industry and duplication of manufacturing capacity in Italy.

Kent Process said it would try to find the redundant workers other jobs within the organisation.

Production of electro-mechanical instruments will be concentrated in Italy, where about 50 of 500 staff have been made redundant in the last six months.

Brown Boveri Kent is a partially owned subsidiary of Brown Boveri of Switzerland,

Taylor Instruments, a subsidiary of Sybron, the U.S. health company, will make 360 of 800 employees redundant at Stevenage. Taylor blamed the changing nature of the instrument industry from electro-mechanical products to computer controlled systems. The company's products include temperature and flow controls.

Sybron will concentrate production of electro-mechanical instruments in Rochester, New York. The remaining employees in Stevenage will make the more advanced systems.

Harrods hopes to beat £5m sale record

By David Churchill, Consumer Affairs Correspondent

THE world's biggest winter sale opens at Harrods in Knightsbridge, London, today with the store hoping to beat last year's record £5m takings on the first day.

Selfridges reported that takings in the first week of its sale—the second largest in the world—were 17.4 per cent higher than last year. Only slow trading on New Year's Eve and the following day kept the percentage increase down.

Selfridges said that on the first day of its sale takings were 40 per cent up on the first day last year.

But Mr Bob Lloyd-Jones, director-general of the Retail Consortium, warned yesterday that the sales boom would only help to restore the lost sales volume in the weeks before Christmas. Retailers' profit margins were still being squeezed by rising costs.

Harrods has decided to start its winter sale on a Friday this year instead of the Saturday to reduce the crush in the store.

Last year the opening day saw about 300,000 people in the store—about 10 times the normal number.

Harrods used special promotions and advertising for its pre-Christmas trade but it does not intend any special gimmicks to attract publicity for its sales.

Selfridges received considerable publicity last week when its sales queue was headed by a man waiting to buy bargains for charity. Selfridges gave him a colour television set and a cheque for £750.

The opening day of Harrods sale is likely to require about 5,600 kilowatts of power supplied by the store's own generators—enough to power a small town all day — and 250,000 gallons of water pumped from its own artesian wells.

About 2.5m bags are expected to be given to customers and 13 tons of rubbish collected at the end of the day.

Ross redundancies

FORTY-EIGHT jobs are to go at Ross Foods' Lowestoft fish processing plant, because of a fall in fish supply in the port and a downturn in the catering market.

Siriol Animation, has been launched in Cardiff to produce Welsh cartoons and other animated film material, for the Welsh fourth television channel.

Single-class TV shares approved

BY IAN RODGER

THE Independent Broadcasting Authority has approved a single-class share structure proposed by one of the new ITV contractors, Television South West.

At a stroke this undermines the widely-held belief that the IBA requires the share capital of commercial television companies to be split into voting and non-voting shares.

Institutional investors have long objected to the restriction of voting power because it can be used to enable directors to retain control of a company in spite of poor profit performance or controversial action.

The results of Associated Communications Corporation, for example, have been severely depressed by huge losses on films in the past two years and the group is involved in controversy over a proposed £560,000 cash compensation payment to Mr Jack Gill, the former managing director.

ACC voting shares represent only 1 per cent of the total equity capital and nearly half of them is held by Lord Grade, the chairman, Mr Gill and Mr Louis Benjamin, another executive director.

The security of Lord Grade's control over ACC is enhanced further by a provision in the group's articles of association that no voting shares may be transferred without Board approval.

The IBA now claims, however, that all this is none of its doing. Its sole concern has been to ensure that changes in the effective control of a contractor cannot take place without its approval. In the past, companies have dropped the split-share structure as a convenient means of meeting this requirement and the IBA has accepted these proposals.

The approval, after several months of negotiations, of a single-class share structure for Television South West, the company that took over the West Country contract from Westward, shows the IBA is also open to more conventional proposals.

Mr John Roberts, financial director of TSW, was reluctant to give details of the arrangements before the group's planned flotation on the Stock Exchange later this month. The basic provisions are that all shares will carry votes and the IBA will want to approve any transfers of more than 5 per cent of the shares.

"We have managed by a lot of hard sweat and negotiation to meet the transferability requirements of the Stock Exchange and the ownership requirements of the IBA," Mr Roberts said.

Before the TSW move there had been variations on the usual split-share style. Both classes of shares of Granada, for example, carry votes but the widely-held A shares carry only one vote for every 10 held. Still, the A shares carry 58 per cent of the total votes and the board has no power to restrict transfers of either class.

Central Television, which has taken over the Midlands contract from ATV Network, probably has the most bizarre structure. Most board members have no significant holdings of either voting or non-voting shares, while ACC, which holds 51 per cent, has nominated only six of the 14 directors.

When questioned about ACC's share structure at the group's annual general meeting last September, Lord Grade said its contractual arrangement with the IBA that any transfers of voting shares had to be aproved by the authority. He produced a letter from the IBA backing him up.

The IBA now says it is interest only in transfers that could lead to a change in effective control. The fact that it has the power ot block such changes —and it has already done so once—does not mean that it always would.

British Aluminium rules out hopes of saving smelter

BY ROY HODSON

LAST HOPES of saving the Invergordon aluminium smelter in the Highlands appeared to fade last night after talks between Mr Alex Fletcher, the Scottish Industry Minister, and Mr Ronnie Utiger, chairman of British Aluminium.

The two agreed in London that "no basis exists for providing power to the Invergordon smelter at a price which makes continued operations possible for British Aluminium."

A sit-in continued at the Highlands smelter yesterday despite the fact that the aluminium metal has solidified in the production pots since the closure last week. The electricity supplies on which the electrolysis process depends have been switched off.

Mr Fletcher said the meeting had been called to have a fresh look at the previous negotiations to ensure nothing had been missed which could save the plant. It had not been called to look for solutions.

British Aluminium said the power contract for the supply of electricity to the smelter had been terminated "because its continued operation was threatening the existence of the whole British Aluminium group including 2,700 other jobs in Scotland."

British Aluminium said it would keep the Invergordon plant in what it called "operating condition" for six months while efforts were made to find a company willing to take it over.

A buyer would have to spend millions of pounds to bring the pots back to working condition by digging out the solidified metal.

But the major obstacle to a re-opening of the works would be the price of electricity from the national grid for the smelting process.

The aluminium industry thinks that if British Aluminium is unable to secure a power contract at prices which enable the smelter to make profits, no other company is likely to secure a more favourable deal from the electricity authorities.

The first redundancy notices to the 700 men and 200 women who work at Invergordon will be issued on Saturday.

The plant lost £12m last year and the Government has estimated that its continued operation in 1982 would cost the taxpayer £16m.

De Lorean saloon 'not affected' by issue delay

By John Griffiths

DE LOREAN'S $80m development programme for a saloon car, regarded as vital to the state-funded Belfast company's future, has not been jeopardised by the further postponement of its $12m (£6.2m) share issue in the U.S., the company said yesterday.

The issue was originally planned to raise $28m — most to be used on the saloon — when announced last summer. It has been postponed twice.

The first postponement was blamed by Mr John De Lorean, De Lorean's chairman, on allegations of financial irregularities of which the company was later cleared. He said any lengthy delay would adversely affect the project.

De Lorean is anxious to end its dependence on the stainless steel bodied sports car being built in Belfast at the rate of 400 a week.

But the company said yesterday the revenue being generated from sales had made the offer less important. "We will look at it on a month by month basis to decide a good time to go. But we are now making money and the saloon is being kept right on schedule."

Third quarter rise in ro-ro business

FREIGHT TRAFFIC from Britain to the Continent on roll-on-roll-off ferries rose by 4 per cent in the third quarter, confirming ferry companies' indications that business has been recovering recently. Second quarter business was up 6 per cent.

The Department of Transport said 157,000 goods vehicles were carried during the period, a rise of over 16 per cent on the same quarter of 1980.

The department said there was also a marked rise in the number of vehicles using North Sea ports. These account for more than 70 per cent of all trailers leaving for the Continent and for 21 per cent of the powered vehicles.

Textiles recovery 'jeopardised by MFA'

RECOVERY PROSPECTS for the cotton and man-made fibre industry are in "serious jeopardy" because of the new Multi-Fibre Arrangement, the British Textile Employers Association said yesterday.

The criteria for import quota levels could cost 25,000 jobs, or 5 per cent of the workforce, the association said. The benefits of improved home demand would almost certainly be reaped by low-cost producers.

The MFA protocol forms a framework for 80 per cent of world trade in textiles. The reaction of the UK industry is one of "bitter disappointment," said Mr James Leach, the association's president.

National debate on decline of rural life

THE COUNTRYSIDE Commission plans a national debate on the decline in rural life and landscapes in the uplands of England and Wales.

The Commission plans to issue a discussion paper partly based on a study by the University of Edinburgh.

The study recommends a national interdepartmental committee to advise government departments and agencies, and monitor policies and their impact.

GLC calls London financial conference

A CONFERENCE at which 2,000 delegates will discuss London's severe financial problems has been called by the Greater London Council and a group of non-partisan organisations with an interest in the capital.

The London assembly will be held next month. The GLC has set aside £6,500 for its organisation. Mr Ken Livingstone, Labour leader of the GLC, said he hoped GLC members of all political parties would attend.

Factories for Wales

THE WELSH Development Agency yesterday announced advance factory lettings to 16 companies in North and South Wales, promising about 500 new jobs over the next three years.

Suffolk jobs go

SUFFOLK LAWNMOWERS at Stowmarket yesterday said 82 manual workers and 13 office staff will lose their jobs next month because sales are expected to fall. The workforce will be reduced to just over 500.

Racal warning

RACAL warned that it would take legal action against distributors and users of any non-Decca receivers designed to be used with its Decca Navigation system. Racal said it intended to prevent infringement of its legal rights in a system which cost millions of pounds a year to operate.

Ultramar consortium makes N. Sea oil find

BY RAY DAFTER, ENERGY EDITOR

AN INTERNATIONAL exploration consortium led by the independent British group Ultramar has made a promising oil discovery in the North Sea.

The find of light, high quality oil is in block 13/29 in the Outer Moray Firth, some 50 miles north-east of Peterhead, Scotland. It is the first discovery in that part of the North Sea.

Ultramar, the operating company, said oil flowed during tests at rates of up to 4,142 barrels a day from a 54 ft (gross) section of Jurassic sandstone. The specific gravity of the oil—a measure of quality—was said to be 40 degrees according to American Petroleum Institute standards.

The consortium is evaluating the drilling data. But Ultramar indicated its optimism by announcing that it was planning further drilling in the block. It is understood the group hopes to begin drilling an appraisal well later this year.

The British National Oil Corporation has a 51 per cent interest in the well, drilled by the semi-submersible rig Western Pacesetter II. Houston Oil and Minerals (a Tenneco subsidiary), Canadian Pacific Oil and Gas (part of Pancanadian Petroleum), and Ultramar each have 16.33 per cent.

● The Shell/Esso offshore group is waiting for better weather conditions to load on to a barge a new £2.5m production platform for the Leman gas field in the southern sector of the North Sea. The 1,100 tonnes platform—designated Leman E —will be used to maintain gas output from the mature Leman field.

The steel structure was fabricated by Redpath de Groot Caledonian, at its Methil, Scotland, yard. The sail-assisted jack-up drilling rig Charles Rowan is to drill a number of development wells so that the platform can begin production later this year.

● The British Gas Corporation is expected to sign a gas purchasing agreement with three oil and gas producing groups within the next few weeks. The gas will be supplied from three northerly fields in the North Sea — British Petroleum's Magnus discovery, Conoco's Murchison Field and the British National Oil Corporation's Thistle Field.

The operators of the three fields have already signed an agreement with Shell and Esso to send the gas through the Far North Liquids and Associated Gas System (Flags) which links other northerly fields with a terminal at St. Fergus, Scotland.

A 57-mile pipeline system, costing some £100m, will connect the Magnus, Murchison and Thistle fields with the Flags network.

Some technical problems have still to be overcome, however. For instance, the new pipeline will have to cross a number of existing lines.

The Flags network is due to be commissioned within the next three to six months. The link with the three northerly fields is expected to be on stream in the autumn of 1983, providing all the producing companies can agree price and throughput terms with British Gas.

Bank staff changes show greater industrial emphasis

BY DAVID MARSH

A SERIES of senior management changes at the Bank of England announced yesterday show increased emphasis on the twin problems of helping industry through the recession and supervising banks.

Two executive directors in their early 40s—both with a reputation for pragmatism—have been appointed to replace two directors who are retiring.

Mr Eddie George, 43, in charge of the Bank's gilt-edged department is being appointed as one of the Bank's four executive directors to replace Mr John Fforde in charge of home finance with responsibility for monetary policy. Mr Fforde—who recently labelled monetarism a "theology" — will remain associated with the Bank as an adviser to the governor.

Mr David Walker, 41, who joined the economic department of the Bank from the Treasury in 1977 and has developed particular responsibility for industrial finance, will take over the directorate job being vacated by Mr John Page. Mr Page is joining the Agricultural Mortgage Corporation.

Mr Walker has been particularly connected with the Bank's efforts to secure commercial bank rescue packages for companies hit by the recession like Laker and Massey Ferguson. He will caintain this responsibility underlining the growing importance of the Bank's links with industry.

Mr Walker will also assume responsibility for supervision of the financial sector related to the securities and commodities markets.

Mr Page's responsibilities for banking supervision will be taken over by another executive director, Mr George Blunden, in addition to his operational and personnel duties.

Mr Brian Quinn, who has been in charge of information, is appointed to a new job assisting Mr Peter Cooke, head of banking supervision. The changes take affect from March 1.

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Business failures last year 20% above 1980 level

BY JOHN MOORE

BUSINESS FAILURES reached their highest levels last year as the total company liquidations in England and Wales rose to 8,227. This was a 20 per cent increase on 1980 and 81 per cent higher than 1979.

Figures prepared by Dun and Bradstreet, the business information company, show that retail services, building and construction, textiles and engineering were the worst hit with London, the North West, the Home Counties and the North East accounting for more than 72 per cent of total liquidations.

Creditors' voluntary liquidations reached 5,448, 45 per cent higher than 1980. Compulsory winding-up orders, affected by the civil servants' industrial action, increased sharply in the last quarter of 1981, indicating that the time lag caused by the dispute is coming to an end.

Total compulsory liquidations were 2,779—9 per cent fewer than 1980.

Bankruptcies among individuals, companies and partnerships, at 4,976 is the highest since 1976, when the costs of petitioning for bankruptcy were significantly increased, resulting in fewer claims.

Despite the upward trend in failures, Dun and Bradstreet expects to see a slowing down of the rate this year.

A detailed breakdown shows that London accounted for more company failures last year than any other region, with 3,090 (37.6 per cent) of the total.

This figure does not take into account the failures of businesses with registered offices in London but registered offices elsewhere in the country. London and the Home Counties accounted for 37 per cent of all bankruptcies among individuals, companies and partnerships.

Trade Indemnity, the credit insurance group, also reports a sharp rise in business failures. According to its experience, business failures last year were up 16 per cent on 1980. An increase was recorded in all trade sectors.

The worst hit were retail and wholesale distribution, which showed a 27 per cent increase. Failures in furniture and upholstery were above average at 17 per cent, while building and construction showed the smallest increase.

Steel unveils £9bn scheme to reduce unemployment

BY PETER RIDDELL

A £9BN proposal to create more than 1m jobs within three years was unveiled yesterday by the Liberal Party.

Mr David Steel, the Liberal leader, said the measures represented, "a bargain price to pay for revitalising our economy."

The proposals mainly involve extra public sector investment to improve the infrastructure of the economy, as well as subsidies for the long term unemployed.

Mr Steel said at a London press conference yesterday the programme could not be achieved without an Alliance government which could bridge the two sides of industry.

The detailed scheme will be on the agenda of the SDP-Liberal commission which is discussing the Alliance's employment policies.

The Liberals insist that the proposals are not inflationary. They estimate that the gross outlay will be £9bn spread over three years

The proposals include:

● An extra £500m on new housing, especially in inner cities.

● £250m for domestic energy conservation.

● An extra £2bn on major investment programmes in the regions, such as the Severn barrage and the Channel tunnel or bridge.

● An additional £500m for investment in British Telecommunications.

● £500m for new roads and rail electrification.

● £250m for investment in water and sewage.

● A further £1bn in employment subsidies for those unemployed for more than six months.

● £250m for new technology training in schools.

● £375m for voluntary community works schemes.

SDP and Liberals to restart talks on Commons seats

BY PETER RIDDELL, POLITICAL EDITOR

THE SOCIAL DEMOCRATS and Liberals have agreed to resume negotiations suspended last weekend about the allocation of parliamentary constituencies.

Joint negotiations will restart in about half the seats in England where talks were already under way or dates have been fixed for meetings. But now new negotiations will start until a meeting of the joint national negotiating committee on January 6 reviews progress.

The meeting yesterday of the eight mmebers negotiating teams from either side attempted to defuse the clash between SDP and Liberal members which built up in some places before Christmas over who should fight the winnable seats.

After the meeting Mr Bill Rodgers of the SDP said both parties were committed to "a rough parity in the next House of Commons." This represents a significant addition to the existing criteria of the national guidelines agreed last October which referred mainly to a rough parity on types of seats fought.

The additional criterion is intended to overcome some of the worries about a possible disparity of MPs between the parties after the next election. It does, however, leave open the tricky and still unresolved question of deciding which seats are winnable.

Mr Rodgers said he hoped a new spirit would permeate negotiations on behalf of both parties. He argued that the meeting had identified some shortcomings in the machinery and there would be "a joint fire brigade to deal immediately with any problems that arise." This will involve Mr John Horam for the SDP and Mr David Penhaligon for the Liberals.

The caution is reflected in the decision to allow talks to go ahead only in areas where they are already under way. Agreement has been reached in Nottinghamshire and talks are in progress in nine other areas with dates fixed in five more. This leaves 16 negotiating groups in England where bargaining has been held up. These groups cover many separate constituencies, often 20 or more. To give both parties a chance of a fair spread of seats within any one area.

The hope is still that talks can be completed by the end of March though this deadline looks unlikely.

Mr Rodgers said both sides would use "their best endeavours" to ensure that local parties fully understood and acted upon the guidelines in future negotiations.

The "new mood" spoken about by both sides yesterday can only be tested at local level in the next few weeks. Mr Steel said he would not be putting pressure on anybody though he was sure his local parties would honour the spirit as well as the letter of the talks.

There is broad agreement that the controversy at Greenock should be left on one side separate from the national talks. At Greenock local Liberals are breaching the national guidelines by challenging Dr Dickson Mabon, the sitting SDP MP. But this is recognised as a special case where it will be hard to find a solution.

The nine areas where talks have already started include Derbyshire (where there have been problems which should now be resolved); Kent; Cumbria and North Lancashire; Essex; Surrey; the south west of the Greater London area; Devon and Cornwall; Bedfordshire, Cambridgeshire and Hertfordshire; and Berkshire, Buckinghamshire and Oxfordshire. The areas where dates have been fixed for negotiations are North Yorkshire and Humberside; the northern part of Greater Manchester; Merseyside; Sussex; and Somerset and Dorset.

Labour's warring factions reach fragile truce

Elinor Goodman and John Lloyd discuss the euphoria at the end of yesterday's conference and consider the strength of the unwritten peace agreement which was reached.

EUPHORIA surrounded the conclusion of the Bishops Stortford conference on the Labour Party, called by Trade Unions for Labour Victory, yesterday.

Mr Clive Jenkins talked only in superlatives; Mr David Basnett smiled at least twice, Mr Denis Healey did not insult Mr Tony Benn on television and Mr Benn himself fondly squeezed the arm of Mr Tom Breakall, president of the right-wing electricians' union.

To complete the picture, Mr Benn told an open-jawed Press corps that disagreements between himself and that sterling body, indeed between anyone in the Labour movement, were all the work of the media.

The change from the image of a party riven by personal animosity and policy disagreements has been too sudden, however, to be taken wholly on its face value. Participants in what Mr Michael Foot called an historic conference, as much as everyone else, are asking: will thet Treaty of Bishops Stortford stick?

The will to make it do so certainly exists, and is present in a wider area of the Labour movement than before. The leaders of the left on the party's executive and the leaders of all the main unions, with their lieutenants, are committed to a truce and to persuading others to observe it.

But this treaty or truce is unwritten, and capable of differing interpretations.

In outline, it says that the left will not attempt to push through any further constitutional changes and the right will not try to have those now adopted, such as reselection of MPs, reversed. There can still be disagreements on policy issues, but all agree that present policies should be supported.

The issue of expulsions. All agree that the inquiry into the Militant Tendency should proceed, but do not agree on what should arise from it. On the left some argue that it should be "controlled" if the evidence comes down against the group. The right still wants it expelled, and says no other course has been agreed.

The most important part of this pact is the belief that there is no way in which Mr. Benn can run again for the deputy leadership this year. Most sections of the party dread nothing more than another deputy leadership contest — however much executive members, like Dame Judith Hart and Mr Benn himself say they want to get away from personality politics.

The belief that Mr Benn will not stand again is not based so much on what he said in public as what he did not say, with an assumption that he will not risk the embarrassment of running again and getting less support that he did last year.

Mr. Benn went to Bishops Stortford knowing he would not stand again. Before Christmas he told a delegation of left-wing unions leaders he would not be a candidate for deputy leader in the coming year.

He had little choice. They told him he would not have their support, even if he had had it last year. He reserved the right to release himself from the pledge should the right continue their attacks and had prepared a statement for Bishops Stortford to that effect although it was never issued.

The ultimatum from the trade unionists followed similar warnings from the parliamentary Labour party. Over the past four months, Mr. Benn has become steadily more isolated as he has repeatedly turned down Mr. Foot's peace offers.

His guaranteed support is reduced to not much more than 25 MPs, and many of the Tribunite MPs who voted for him last year have made it clear they would not do so again.

The loathing with which Mr Benn is regarded by some MPs who used to support him is difficult for anyone outside Westminster to imagine. But in the constituencies, his support setill remains strong.

Even in his traditional power base among party activists, divisions have emerged over tactics. Some of the activists most closely involved in last year's campaign think another contest along similar highly publicised lines would be a mistake.

But Mr Benn's bandwagon has gained a momentum of its own, and could still be pushed out on to the road again. While many of the original members of the Campaign for Labour Party Democracy, the organisation which has steered through most of the far left's constitutional gains, are against another highly publicised campaign this year, the Trotskyist Socialist Organiser seems determined to carry on where it left off last year.

Others believe that the threat of another deputy leadership contest is their one remaining powerful weapon. Yesterday some of Mr Benn's closest advisers were concerned that he had thrown away his trump card by allowing himself to get boxed into a situation where he would be reneging on a deal if he stood again.

Their only consolation was that nobody at Bishops Stortford actually heard Mr Benn say definitely that he would not stand.

But is was not only the far left which suspected a "sell out" yesterday. Some right wingers were worried that the "truce" would tie the moderates' hands, and prevent them achieving the changes — particularly among local parties — which they believe are fundamental to the party's hopes of winning the next election.

One particular fear was that the left would insist the deal meant no expulsions, and that this would undermine the effectiveness of the inquiry into the Militant Tendency which the moderates finally got through the national executive committee last month.

Another worry was that the truce would encourage Mr Foot to follow his normal peace-loving instincts and hold back from any further moves against the far left.

An early test of what the truce will mean will come on Monday, when the party's organisation committee will have to decide whether to endorse the selection of two more far left candidates — Mr Pat Wall, a member of the Militant Tendency, who has been selected to fight Bradford North, and Mr Bob Clay in Sunderland North.

Tameside project to encourage job creation by small businesses

BY NICK GARNETT, NORTHERN CORRESPONDENT

ONE OF the broadest packages offered by a local authority to encourage employment mainly among small businesses was announced yesterday by Tameside, a metropolitan borough centred on Ashton-under-Lyne, Lancs, and covering nine small towns.

The package includes the formation of a Venture Trust for advising small companies, a directory of companies which will be distributed nationally, cash grants and a training scheme for 16 to 19-year-olds. It follows a survey in the borough on the effects of the recession.

Tameside officials said the analysis showed that a quarter of all employers in the area had disappeared in the past two years.

Greater Manchester Council, whose area includes Tameside, has operated its own grant-aid scheme. It says this has helped to create more than 1,300 jobs and to preserve about 900 others in co-operation with district councils.

Tameside's initiative is a sign of the mood of economic self-help among local authorities. Some industrialists and a number of Confederation of British Industry officials, however, criticise the multiplicity of competing agencies set up by local councils to attract employment and the amount of cash these are consuming.

At least one element of the Tameside scheme, for example, is similar to the initiative announced on Merseyside this week.

The programme announced yesterday initially involves a four-week campaign in February, called Operation Jobline, to explain to local businesses the levels of assistance open to them and the provision of a product promotion consultancy.

Large companies are providing tax, accounting and technical advice. About 6,000 employers will receive letters, drawn up jointly by the council and Job Centres, encouraging them to participate.

A directory of Tameside small businesses is being produced listing all industrial services in the area. It will be marketed locally and nationally, to encourage companies to buy products made in the borough. The initial campaign and the firms directory have a £10,000 budget.

On top of this, new companies setting up in Tameside will be eligible for a £1,000 grant in their first year to offset rent and rates. A similar amount will be available in the second year if more people are employed.

Existing companies undertaking specific industrial developments could qualify for a grant of 3 per cent a year for up to four years against the interest on the cost of capital.

The Venture Trust will be headed by a business management specialist from the private sector.

The Youth Enterprise scheme will offer 15-month programmes of work experience and day release study.

The council said yesterday the initial four-week campaign could create about 400 permanent jobs. The Youth Enterprise programme would cater for about 1,000 unemployed.

Equal opportunities challenge

BY IAN HAMILTON FAZEY

EMPLOYERS were urged yesterday to introduce their own policies on equal opportunities for blacks, whites, men and women and not wait for changes in the law to force them to do so.

Mr Bob Ramsey, president of the Institute of Personnel Management, told a Merseyside County Council conference on equal opportunities: "If we are to make progress, only the employer has the power to make things happen.

"It is sound business to embark on an equal opportunities programme. If people from minority communities are left at the bottom of the heap there has got to be a potential, for disorder that will ultimately frighten away customers.

"All my working life in industry I have been aware there are not enough people to fill all the jobs where talent is needed. It is crazy for a company not to extend its catchment area to take in all sources of ability whether they be black, white, men or women."

Mr. Ramsey, former industrial relations director of Ford UK and a member of the Commission for Racial Equality, outlined a practical plan through which companies could take the initiative.

This required senior management not just to formulate and publish a policy but to show it was determined to implement it. Management at all levels had to be involved. The policy had to be issued to the workforce, and trade union support secured.

The composition of the workforce then had to be monitored to ensure the policy worked. Mr Ramsey said: "This is regarded as controversial but I can't understand why. Any management worth its salt should monitor every policy it has. You have to know what is going on and in this case this means knowing the composition of your workforce."

He said he was against positive discrimination. A lead had to be given and people persuaded to follow it. Appointment and promotion had to be on merit alone. If people thought there was discrimination they would act to make policies unworkable.

The conference was attended by senior management representatives of 30 prominent companies in the private sector, 19 organisations from the public sector and 31 people from trades unions and community groups.

They were given six points of practical advice by Mr Ramsey on how to run equal opportunities policies:

● Fight ignorance among minority groups who were generally not part of a company's informal grapevine and had to be told directly what was going on;

● Introduce impartial systems for selection and promotion;

● Introduce literacy and numeracy courses for first-generation immigrants with identified potential who needed such training;

● Ensure managerial understanding of different types of religious observance:

● Set up permanent liaison with the local community relations council and significant ethnic minority associations;

● Audit the policy, regularly checking that things like training programmes were being used.

Thousands face surcharge on winter holidays

THOUSANDS OF package deal holidaymakers are paying surcharges on their winter breaks because aircraft fuel has risen in price and the value of sterling has fallen since prices were fixed last March.

Most package companies have wooed customers with a guaranteed top-limit surcharge and, overall, surcharges are lower than in previous winters.

Austria and Switzerland are among the higher surcharge countries. An advertised £285 holiday for two weeks in Austria now costs £309 with surcharges. Holidays are cheaper in countries like Spain and Greece, where the fall in sterling has been less marked.

A typical total surcharge on a week in Spain is about £7, of which only £1 makes up the currency element.

One operator said: "This is the only real way of reconciling the fluctuations if we have to try to produce reasonable price projections a year in advance."

Example currency surcharges are: 2.7 per cent for Cyprus, 1.6 per cent for Spain and 1.3 per cent for Greece.

For Austria one top company is adding 5.2 per cent, but Switzerland carries a 13.2 per cent surcharge because of the strength of the Swiss franc.

In spite of everything, however, winter holiday business has held up better than expected. Sunshine breaks are down by about 3 per cent on last winter, but there has been a massive boost for skiing holidays.

Welsh expansion

THE POPULATION of Wales will rise from its present level of nearly 2.8m to more than 3m by the first decade of the next century, according to the latest Welsh Social Trends published yesterday by the Stationery Office.

Other statistics show Wales to have above UK average absenteeism, heavy drinking, car ownership, and job satisfaction but a below average crime rate.

Steel worker grants

GRANTS of more than £28m to help workers in the British steel industry affected by plant closures and modernisation have been announced by the European Commission. The grants will fund early retirement, retraining and income support schemes.

These allocations affect 13,607 workers at plants including Scunthorpe, Shotton, Ebbw Vale, Trostre and Velindre and the Round Oak Steel works at Brierley Hill.

Finding a leisurely way to beat recession

Raymond Snoddy on a group which is profiting from pleasure

A COMPANY which has specialised in glass reinforced plastic products such as cladding, lorry cabs, and urinals has found that a move into the leisure market is set to pay dividends.

Hunting Industrial Plastics, part of the Hunting organisation the engineering, aviation and oil field services group, has set up Skidaddle Leisure Products to diversify into speedboats, motorised surfboards, hovercraft and engines for microlight aircraft, the powered equivalent of hang gliders.

Mr Brian Chandler, managing director of Hunting Industrial Plastics and chairman of Skidaddle, said demonstrations in the south of France last summer aroused great interest and the range was going to be launched this season.

Already 150 craft have been built at the main plant on an old bomber base, Wymeswold Aerodrome, near Loughborough, Leicestershire.

Even before the recession struck, Mr Chandler suspected his company might be facing difficulties. Although subsidiaries in the Gulf were doing well, the UK market for glass reinforced plastic (GRP) seemed about to decline.

There was resistance to lorry cabs made of GRP and restraints on council spending were affecting the market for cladding and urinals.

Geoff Upton tests a Skidaddle powered surfboard

Mr Chandler's fears about the GRP market proved correct. Hunting Industrial Plastics, which has a turnover of £1.3m, has lost about 30 jobs in the past two years as a result of natural wastage and now employs about 60.

"Finding new products for GRP is very difficult," said Mr Chandler, 54, who began as an apprentice instrument maker before moving into management.

He decided that leisure was the answer, and that GRP and associated products were perfect for boat hulls.

A two-year diversification drive to develop ideas and designs has cost more than £250,000. It included taking over a local company, Fieldhouse Engineering, which specialised in producing go-kart engines.

The original owners, Mr Aubrey Upton and his son Geoff, have stayed on to adapt and develop their engines for the sea and the sky.

Skidaddle has high hopes for its aquajet, a fast, manoeuvrable two-seat speedboat powered by a jet engine.

Rights to the jet surfboard were bought from Halliday of Daventry, Northamptonshire and the existing propeller system replaced by a water-cooled jet engine.

One of the problems which Skidaddle faced was the lack of suitable cheap engines in Britain. So the company developed its own, and claims that the water-cooled two-stroke 45 horsepower engine is about a fifth of the cost of anything else available.

It recently won the first order for 50 air-cooled microlight aircraft engines.

Although the company will continue to make its traditional products, and do sub-contract work in the engine factory, Mr Chandler is now thinking more of export markets in Europe and the U.S. for his Skidaddle leisure craft. He hopes the 30 lost jobs can be replaced.

"Production could treble within two years. I think we have been through a very sticky patch now in leisure, but its inevitable that it will come right," he said.

Building societies may enter funds transfer market

BY WILLIAM HALL, BANKING CORRESPONDENT

BRITAIN'S 250-odd building societies are expected to become more heavily involved in providing money transmission services in the next decade as new technology reduces the dominance of the clearing banks in this sphere.

A number of building societies are already experimenting with plastic-card based automated teller machines (ATMs), which are, in many respects, similar to the banks' growing network of cash dispensers. A report being prepared by the Office of Fair Trading meanwhile, is believed to argue that the societies should be allowed to participate in any electronic funds transfer system involving retailers.

Traditionally, the clearing banks have dominated money transmission services in the UK. They distribute the bulk of the nation's cash, which accounts for 95 per cent of all transactions, process the vast majority of cheques, and control the major credit card companies.

Until now the cost of entry into this side of the business has been so large, that prospective newcomers have been kept out. But the clearing banks have recently announced plans for a new money transmission service, or payments system, based on terminals at retail outlets. This could open the way for new entrants in particular the building societies.

The Office of Fair Trading and a number of other bodies including the Government's Central Policy Review Staff, are believed to feel such developments should not be confined to the banks and are anxious to see more competition.

These sentiments are likely to be contained in a report by an Office of Fair Trading working party due to be published in the next three months. The report covers three main areas: the bar-coding of goods, viewdata; and electronic funds transfer.

The Committee of London Clearing Bankers, which is represented on the study group, is most interested in the last area and is anxious to minimise any conflict with its own "point of sale terminals policy" committee established in November.

The clearing banks are conscious that expansion into point of sale transactions at retail outlets is currently the most important development in the money transmission field. But they are also aware that it could increase competition significantly in an area they have traditionally regarded as their own.

UK NEWS – LABOUR

Christian Tyler analyses the pit ballot dilemma

Miners face hard choice over strike

LESS THAN six weeks after giving the militant Mr Arthur Scargill one of the biggest victories in trade union electoral history, Britain's miners are deciding whether to sanction a national strike for higher wages.

The pay ballot in a week's time could prove a severe test for many miners. It is a choice between loyally supporting their leadership's request for a strike mandate or giving in to natural apprehensions about the cost of what could be a long, hard struggle with an adamant government.

At a time when many workers are getting restive—on the railways, in steel, motor manufacturing and water supply—next week's vote will provide the Government with an important clue about the real depth of its unpopularity with industrial wage-earners.

It will also, say some union activists, determine whether the mineworkers will continue as a credible bulwark against what the movement sees as a Thatcherite campaign to depress living standards, create insecurity of employment and attack union organisation through the law.

The ballot's object as defined by an overwhelming majority of the Mineworkers' 24-man executive and a special conference of 139 coalfield delegates, is to throw out a wage offer worth 8.6 per cent on basic rates and 9-10.5 per cent overall.

The miners' leaders are looking for a convincing demonstration of support—far more than the constitutional requirement for a national strike which is a 55 per cent majority. Their campaign (and for once most right wingers appear to be pitching in with the left) is based on the premise that the bigger the vote the more readily the National Coal Board—or its paymaster the Government—will be moved. For the moderates, however, a 1 or 2 per cent improvement would probably satisfy honour.

Although most miners' leaders expect the necessary majority, some of the right-wing old guard believe the men will rebuff the union as they did in 1979 when a 20 per cent pay rise was accepted by just more than 51 per cent.

In the Yorkshire and Durham coalfields this week miners' activists have also been taking a cautious view of the outcome, while working against the clock to get the unions message through to the pits.

There are a number of obstacles to securing the big vote the activists want:

First, the campaign launched by the delegate conference before Christmas has been interrupted by the holidays: most miners returned to the pits only this week.

Second, although the future impact of the Chancellor's mini-Budget increases on rents, rates and national insurance seems to be understood, there are no signs yet of a general sense of grievance.

Third, the Coal Board's offer—although falling far short of the annual rise in prices—is among the highest from any employer in this pay round.

In addition, as the Board is quick to point out, acceptance will mean considerable lump sums in back pay next month—between £103 and £185.

The miners are also conscious that coal stocks are high, although the severe weather coupled with loss of production during the break, will have left their mark.

Set against these factors are the miners' loyalty, the self-confidence born of a partial victory over pit closures last February, and—so it is said—a deepening hatred for Mrs Thatcher and her policies.

Mr David Hopper, the young branch secretary at a big Durham colliery said: "There's no doubt about it, it's going to be a difficult vote to win."

Mr Hopper works at Wearmouth in Sunderland, a 2,400-man pit with a militant reputation in a traditionally moderate but fast-changing constituency of the union.

Mr Hopper would like to see the miners buckle down for a fight—a fight he says will "inevitably" happen next year if it does not happen this.

"I believe that if the vote goes the wrong way, the Tories will give the Coal Board permission to lash out with cutbacks and pit closures," he said.

"The enthusiasm doesn't seem to be there. But there again, there is a hell of a lot of anti-Tory feeling. Everyone knows who is pulling the Coal Board strings and there are people sitting in the house with their sons who cannot get jobs."

The mood in Durham has changed much since the 1972 national strike and Mr Hopper said today's young miners were better informed and more confident.

If a strike happened and the pickets were sent out—regardless of the new picketing law—there would be no holding them.

EZRA MAKES APPEAL

A PERSONAL appeal from Sir Derek Ezra, chairman of the National Coal Board, to the miners is being distributed in the coalfields today ahead of their national pay ballot next week.

In a special inset for the NCB's paper Coal News, Sir Derek — who retires this summer—says he has spent 35 years "fighting for coal."

He says the wages offer is a fair one. "We have gone to the limit of what the industry can afford—and a bit beyond, banking on our ability to keep going ahead."

Majority of Ford workers vote to accept 7.4% pay package

BY IVO DAWNAY, LABOUR STAFF

FORD UNION leaders yesterday won a clear majority in favour of their recommendation to agree to the company's 7.4 per cent pay and conditions package following acceptance votes by night shifts at the Dagenham body and engine shops and at the Langley truck plant.

But there were rowdy scenes at Dagenham's assembly plant early yesterday morning after shop stewards declared a vote by 2,300 night-shift workers to be indecisive. One steward suffered a neck injury after an object was thrown at the platform and several glass panes were broken when angry workers lobbied the convenors' office.

A split vote was also recorded at Halewood's transmission shop after several shows of hands failed to produce a clear result, while the 5,500-strong body shop came out against the offer.

The final tally indicates that 16 plants, accounting for a total of 29,100 employees, have accepted the offer with seven plants, representing 20,710, opposing it.

The official announcement of the result will come at a meeting of the Ford unions' 56-strong negotiating team in London today. However, Mr Ron Todd, chief negotiator, said the meeting was largely a formality.

The 13 Ford unions are now seeking a meeting with the management on Wednesday to clear up detailed points still outstanding over the introduction of the company's new efficiency programme.

About 10,000 workers at the Halewood assembly and body plants and 1,660 men at the Swansea transmission plant continued with unofficial strikes.

Shop stewards said that the Halewood strike, which has so far caused the loss of 27,000 vehicles worth more than £12m, would continue until Sunday.

Mr Todd last night dismissed fears that both plants may decide to prolong their action beyond the weekend. "I've no doubt they will accept the majority decision," he said.

● More than 2,000 white-collar workers at Vauxhall Motors have overwhelmingly rejected a 6 per cent pay offer in a ballot held by TASS, the white collar section of the Amalgamated Union of Engineering Workers. Union officials have not ruled out industrial action

Two largest water unions split on 9% offer

By Philip Bassett, Labour Staff

WATER AND sewage-workers in the industry's two largest unions were divided yesterday over the water authority employers' pay offer of 9.1 per cent. Inter-union discussions, however, are expected to lead to an overall acceptance of the package eventually.

The industry's majority union, the General and Municipal Workers, recorded a narrow acceptance of the offer, by 6,831 votes (54.7 per cent) to 5,646 (45.2 per cent) on a poll of about 62 per cent of the union's 20,000 members in the industry.

Acceptances in regional voting were: Scotland (217 to 107); Birmingham (1,373 to 708); Lancashire (592 to 390); London (1,132 to 874); Southern (1,234 to 831); and South-west (400 to 339. Rejections were: Liverpool (615 to 610); Midlands (631 to 591); and Yorkshire (825 to 478).

Mr Eddie Newall, GMWU national officer, said the narrow vote reflected in part the miners' unwillingness to settle for a similar offer.

The second-largest union, the National Union of Public Employees, however, yesterday confirmed its rejection of the offer. Nine regions voted against it and one accepted. Nupe's national executive endorsed a water committee recommendation to press for co-ordinated industrial action with the other unions over the offer.

The third union, the Transport and General Workers, will not declare its result until Monday. Votes received are, however, less than clear-cut. The other union, the agricultural workers, seems to be heading for a narrow acceptance.

Technically, if all the other unions rejected the deal the GMWU could be outvoted, because it holds 10 seats on the trade union side to Nupe's six, the TGWU's three and the agricultural workers' one seat.

Regional lorry drivers back 7%

BY BRIAN GROOM, LABOUR STAFF

LORRY DRIVERS in the East Midlands have accepted a 7 per cent pay offer from local members of the Road Haulage Association (RHA)—the first settlement for drivers in the private hire-and-reward sector.

Some hauliers believe a national pattern of 6-7 per cent deals may now emerge. But the outcome of the 21 separate regional negotiations—14 in RHA areas—is still in the balance.

RHA employers in South Wales face the prospect of a strike over an 8.6 per cent offer—the highest of the areas. A mass meeting of drivers on Saturday will discuss their shop stewards' call for industrial action, so far unspecified.

"There may be a domino effect. If one area took industrial action others would follow. And South Wales may well be the first," said Mr Geoff Jacobs, local official of the Transport and General Workers Union.

The South Wales offer is higher than others in percentage terms because the employers have agreed to try to end a disparity with other regions.

The offer would raise the weekly minimum for the highest category of drivers from £78.28 to £85 for 40 hours. The overnight subsistence allowance would rise by 50p to £9.25 and holiday pay would be increased by £5.

Mr Jacobs claimed it would still leave South Wales behind other areas, particularly on subsistence and holiday pay. Mr Peter Webb, RHA area secretary, described the unions' attitude as "irresponsible."

The East Midlands deal increases the rate for the highest class of drivers by £5.60 a week to £85.60 for 40 hours, and raises the subsistence allowance by 75p to £10 a night. A working party has been set up to consider a reduction in the working week, an increase in accident and sickness benefit, and health and safety issues.

A 6.25 per cent offer is likely to be accepted in the RHA's Western area, and Tyneside drivers will this weekend consider a recommendation to accept an offer of £4.50 across-the-board, worth at least 5.6 per cent. Shop stewards in London and the South East, who have shown hostility to a 4.9 per cent offer, also meet at the weekend.

Talks to be re-opened by shipyard unions

SHIPBUILDING UNIONS are to resume national-level negotiations with British Shipbuilders and will draft a pay claim for 70,000 shipyard workers this month.

The decision yesterday by the Confederation of Shipbuilding and Engineering Unions to reopen talks with British Shipbuilders follows purchase of BS's Robb Caledon shipyard, Dundee, by a neighbouring company and the the promise of jobs to workers who had occupied the yard.

The unions will raise their concern over a deterioration in industrial relations between the two sides.

Hospitals threat

SERVICES TO patients would almost certainly be cut if Health Service pay rises exceeded 4 per cent, Mr Bill Darling, National Association of Health Authorities Chirman, asid yesterday.

Officials protest

EMPLOYMENT DEPARTMENT officials in 12 central and north-west London offices, Civil and Public Services Association members, are threatening a two-hour walk-out on Monday.

Sealink ferries hit

BY IVO DAWNAY, LABOUR STAFF

STRIKE ACTION by Sealink UK's 1,200 officers went ahead yesterday, halting all sailings by the British Rail subsidiary on continental and North Sea ruotes as well as most services to Ireland.

The Merchant Navy and Airline Officers' Association reported that a total stoppage of all the company's ships was expected later last night when ferries on the Stranraer-Belfast and Channel Island routes returned to port.

The officers are protesting against Sealink's threats to make over 100 officers redundant at Newhaven and Harwich under a new rationalisation programme.

Officers and ratings occupying the 5,590-ton Senlac at Newhaven said that they intended to continue their sit-in indefinitely yesterday following Sealink's failure to withdraw redundancy notices.

Preliminary talks between the MNAOA and Sealink took place yesterday

Similar talks between Sealink and the National Union of Seamen broke down later in the day. The NUS executive has called its port officials for talks today to discuss the position.

Bank staff table 15% claim

BY OUR LABOUR STAFF

CLAIMS FOR 15 per cent pay increases for 180,000 staff in clerical grades one to four of the English clearing banks were submitted separately yesterday by the Clearing Bank Union and the rival Banking, Insurance and Finance Union.

Mr Jack Britz, general secretary of the CBU, which has over 90,000 members in Barclays, National Westminster and Lloyds, said he was "pleased" that his union's general claim was the same as Bifu's.

"We will seek, if at all possible, joint working with Bifu," he said. However, the poor relations between the two unions make that prospect unlikely.

The CBU claim did not include the low pay element which Bifu stressed yesterday. Bifu is seeking an £80 a week minimum for a grade one clerk aged 21.

● Leaders of 85,000 manual workers in the electricity supply industry yesterday presented a claim for a "substantial" increase in salaries. "Our pay rise target is 12 per cent," said Mr John Edmonds, energy officer of the General and Municipal Workers Union.

Aslef leader denies BR rostering claim

By Our Labour Staff

LEADERS of the train drivers' union Aslef yesterday sharply criticised British Rail's suggestion that flexible rostering, the main issue of the pay and productivity dispute, would lead to fewer unsocial hours and more rest days for drivers.

In a leter to all drivers, BR claimed the union's agreement toa 7-9 hour day in place of the present 8-hours would lead to fewer unsocial booking on and off times, particularly between midnight and 5 am, and more and better grouped rest days.

Mr Ray Buckton, Aslef general secretary, said the claim was "totally wrong and misleading." He was also critical of a suggestion that the union had agreed in August with the Advicory, Conciliation and Arbitration Service to vary the 8-hour day.

BR made unsuccessful efforts yesterday to bring all the railway unions together for a meeting of the Railway Staffs' National Council, the industry's highest-tier negotiating body.

FT COMMERCIAL LAW REPORTS

Extent of export restriction on Gafta goods

PANCOMMERCE SA v VEECHEEMA BV

Queen's Bench Division (Commercial Court): Mr Justice Bingham: December 14 1981

WHERE A seller possesses sufficient goods to perform his contract with a buyer, and has a government licence to export the agreed quantity, he cannot assert that the Government's refusal to issue more licences restricts him from exporting those goods, when the reason for his failure to deliver is that he has allocated part of the quantity to a person to whom he is under no contractual obligation.

Mr Justice Bingham so held when dismissing an appeal from an award of the Board of Appeal of the Grain and Feed Trade Association (Gafta) confirming an arbitrators' decision that Pancommerce SA, sellers, were in default under a contract with Veecheema BV, buyers of sugar beet pulp pellets.

* * *

Clause 22 of Gafta form 100 provides: "... In case of prohibition of export ... or in case of any executive ... act done by or on behalf of the Government of the country of origin ... where the ports of shipment ... are situate, restricting export, whether partially or otherwise, any such restriction shall be deemed by both parties to apply to this contract and to the extent of such total or partial restriction ... this contract or any unfulfilled portion thereof shall be cancelled."

*

HIS LORDSHIP said that the sellers sold 1,500 metric tons of Spanish sugar beet pellets to a Dutch company called Lucerna BV, to be shipped in June or early July 1976. When making the contract, they informed Lucerna that if they obtained more pellets later in the year, Lucerna could have "first refusal" up to 1,500 tons.

Pursuant to those arrangements the sellers obtained a licence from the Spanish Government for the export of 3,000 tons of pellets.

The export of sugar beet pulp pellets had been prohibited by Spanish law since 1970, unless a licence was obtained from the Ministry of Commerce. Such licences were obtainable as a matter of course, and did not on their face refer to a particular transaction or named person.

On June 29, seven days after obtaining their licence, the sellers entered into a written contract with Veecheema for the sale of 1,500 to 2,000 metric tons of pellets. The contract incorporated the terms and conditions of Gafta form 100.

In the summer of 1976 there was a high demand for Spanish sugar beet and the Government became worried that its domestic market might run short. So, shortly after the sellers had contracted with Veecheema, it decided, without warning, to take the unprecedented step of refusing all applications for foodstuff export licences submitted after July 1. The sellers were informed that there was no prospect of a licence being granted after that date.

The sellers, being licensed only for the export of 3,000 tons, 1,500 of which had been sold to Lucerna, felt they had a moral commitment to deliver pellets to Lucerna, under the "first refusal" arrangement, as well as a legal commitment to deliver 1,500 tons to Veecheema. They resolved their dilemman by delivering 774 tons to Lucerna, and 664 tons to Veecheema. They failed, therefore, to deliver the full contractual quantity to Veecheema. The question now before the court was whether the sellers were liable to Veecheema for non-delivery.

Mr Longmore, for the sellers, submitted that under clause 22 of Gafta 100, where a licensing system was in force at the time a contract was made and the government of the country of origin subsequently restricted exports of goods of the contractual description, the contract was cancelled whether or not the seller already had a licence to export the contractual quantity. The sellers' conduct was therefore, irrelevant, and even if it were not, their only obligation was to act reasonably and they had acted reasonably in dividing the goods.

Mr Merriman, for Veecheema, said that if the Spanish action fell within clause 22 at all, it was deemed to apply only "to the extent of such total or partial restriction," and since the extent of the partial restriction could not be identified in the present case, the clause was inoperable.

On the issue as to how clause 22 was to be construed and applied there was radical divergence between the parties. Each side told his Lordship that a decision in favour of the other would be greeted with incredulity by the trade.

The decision of the Spanish authorities was not a "prohibition of export" under clause 22. Exports could, and did, continue; but it was impossible to conclude that there was not an "executive act ... restricting export." The withholding of licences pursuant to government instructions was an executive act, the object and result of which were to restrict exports. It was a partial restriction, the line being drawn between supplies which were already licensed on July 1, and those which were not. That was, moreover, plainly an "act done by or on behalf of the country of origin ... where the ports of shipment ... are situate." Mr Merriman's submission that the clause was wholly inapplicable must therefore be rejected.

However, it was only "to the extent of" the restriction that fulfilment of the contract was deemed to be prevented, and only to that extent was the contract cancelled under clause 22. The restriction applied to any sugar beet export contract which was not already covered by a licence on July 1. The clause therefore required a very limited factual inquiry into whether the contract fell within the extent of the restriction (i.e. whether it was not covered by a licence). If it did, the contract was cancelled wholly or in part; otherwise not. That seemed to be the natural meaning and application of the clause.

*

At the date of the Spanish Government's executive act, the sellers had a contract with Lucerna to ship 1,500 metric tons of pellets, and a contract with Veecheema to ship 1,500 to 2,000 metric tons. Although obtained with an eye to the "first refusal" arrangement with Lucerna, the licence was available to cover the minimum quantity of 1,500 tons required by Veecheema, as well as the contractual 1,500 tons required by Lucerna. Both the orders could lawfully be met. The contract, therefore, did not fall within the extent of the restriction resulting from the executive act.

The "first refusal" arrangement with Lucerna was non-contractual. It was never reduced to writing; no price or quantity, other than the maximum, was agreed; no period was agreed for shipment; and nothing was said as to the contract conditions. It was an informal understanding, not a binding agreement. There was therefore no call to pro-rata orders between the two recipients, and no issue could arise as to the reasonableness of the sellers' conduct in that connection. Even if such an issue could arise, there was no authority for the proposition that where a seller's ability to perform was impeded by a governmental act, he might act reasonably if he allocated supplies among customers to whom he was not contractually committed as well as those to whom he was.

The sellers could, and should, have shipped 1,500 metric tons to Veecheema, and they could not rely on clause 22 of Gafta 100 to excuse their failure to do so.

For the sellers: Andrew Longmore (Middleton, Potts and Company).

For Veecheema: Nicholas Merriman (Durrant Piesse).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

MICK O'TOOLE, arguably Ireland's most astute handler when it comes to preparing a jumper for a selected major handicap, will be bitterly disappointed if neither Passing Parade nor Bold Agent make the frame in tomorrow's Irish Sweeps Hurdle.

Since the Leopardstown event first became a handicap in 1976, O'Toole has never failed to produce either the winner or a placed runner. A year ago, Carrig Willy was reported to have landed a £50,000 "off-course" gamble for his stable which only two years earlier had produced another heavily supported winner in Chinrullah.

This time O'Toole seems to be pinning his main hopes on the inexperienced Bold Agent. This is in spite of the claims of Daring Run's recent Punchestown conqueror, Passing Parade on whom Niall Madden, resumes, following a minor injury.

Bold Agent's claims are hard to ignore. A fast improving six-year-old who has won his last two races, Tommy Carmody's mount was probably the easiest winner seen at Fairyhouse last month.

Allowed to saunter into the lead after jumping the penultimate flight in an 18-runner event, he won with the ease associated with Shergar at Epsom. He is available at eight to one.

The two other Sweeps Hurdle candidates who appeal are For Auction and Ekbalco.

For Auction, a nine-to-one chance will be ridden by Colin Magnier now that Jonjo O'Neill has had to turn him down, while Ekbalco will again be ridden by David Goulding.

Leading Sweeps Hurdle prices are: 7-2 Daring Run, 7-1 Ekbalco, 8-1 Bold Agent, 9-1 For Auction and Passing Parade, 10-1 Fane Ranger and Potato Merchant, 11-1 Pearlstone.

TELEVISION

Chris Dunkley: Tonight's Choice

A fairly strong night with several new series starting. The first is available solely in the London region and then only if you rush home: London Weekend launch The Six O'Clock Show in the extra time allocated to them under the new franchises. Michael Aspel and Janet Street-Porter present (live) "a more relaxed view of the week's best stories." Later ITV also start Shine On Harvey Moon, a series described as "comedy/drama," written by Marks and Gran whose first work, "Holding The Fort," was impressive. Still on ITV the postponed American series Bizarre finally reaches the screen. TV Times calls it "outrageous adult comedy," a phrase I would apply to Soap which some ITV regions get at 11.35.

BBC-1 starts an eight-part serialisation of Howard Spring's novel Fame Is The Spur set in 19th century Manchester. Adaptor is Elaine Morgan (responsible for "Testament of Youth") and the cast includes Paolo Dionisotti. Also set in the past is BBC-2's Playhouse, The Combination. In the long hot summer holidays of 1951 two Shropshire boys decide to get to the Festival of Britain in London.

BBC 1

11.40 am The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Tennis. 2.00 Bagpuss. 3.53 Regional News. 3.55 Play School. 4.20 Captain Caveman. 4.30 Think Again. 4.55 Grange Hill. 5.20 The Amazing Adventures of Morph. 5.25 Welcome to Wodehouse.

5.40 News.

6.00 Nationwide (London and South East only).

6.22 Nationwide, including 6.45 Sportswide.

7.00 The Superteams.

8.00 Fame is the Spur: The novel by Howard Spring dramatised in eight parts.

8.50 Points of View with Barry Took.

9.00 News.

9.25 Tennis: The Barratt World Doubles Championship.

10.15 Face the Music (London and South East only).

10.45 News Headlines.

†10.50-12.45 am The Late Film: "Hud," starring Paul Newman, Patricia Neal, Melvyn Douglas and Brandon de Wilde.

BBC 2

11.00 am Play School.
3.50 pm Tennis: The Barratt World Doubles Championship.
†5.40 "The Hound of the Baskervilles."
7.00 Oxford Road Show.
7.35 News Summary.
7.40 Hold Down a Chord.
7.55 In The Country.
8.25 Maestro.
9.00 Randy Crawford.
9.30 Playhouse.
10.55 Newsnight.
11.40-12.25 am Friday Night ... Saturday Morning.

LONDON

9.30 am Schools Programmes. 11.00 Hewitt's Just Different. 11.50 Cartoon Time. 12.00 A Handful of Songs. 12.10 pm Once Upon A Time. 12.30 Simply Sewing. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Elaine Grand and Simon Reed. †2.45 Friday Matinee: Grouchou, Chico and Harpo Marx in "The Marx Brothers Go West." 4.15 Dangermouse. 4.20 Storybook International. 4.45 Freetime.
5.15 Square One.
5.45 News.
6.00 Two 6 O'clock Show.
7.00 Bruce Forsyth's Play Your Cards Right.
7.30 Hawaii Five-O, starring Jack Lord.
8.30 Shine on Harvey Moon.
9.00 The Gentle Touch, starring Jill Gascoine.
10.00 News.
10.30 Bizarre.
11.00 The London Programme.
11.35 Soap.
12.05 am Paris by Night.
12.30 Close: Personal Choice with Steve Race.

†Indicates programme in black and white.

All IBA regions as London except at the following times:

ANGLIA
11.00 am Thunderbirds. 11.50 The Bubbles. 1.20 pm Anglia News. 2.45 Friday Film Matinee—"The Mouse That Roared," starring Peter Sellers. 6.00 About Anglia. 7.30 The Fall Guy. 11.00 Members Only. 11.30 Friday Late Film—"My Father's House" (TV movie). 1.15 am Birgitta and Swente.

BORDER
11.20 am Fairport Convention. 1.20 pm Border News. 2.45 Film: "Okay For Sound." 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 The Steam Horse. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL
11.00 am Survival Special. 11.50 European Folk Tales. 1.20 pm Central News. 2.45 The New Love Boat. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 John Mills: Star of the Week: "The Family Way."

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Mouse That Roared." 5.15 Take the Stage. 6.00 Channel Report. 6.30 Clapperboard. 7.30 Lou Grant. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.45 Continental Cinema: "Traffic." 12.30 am News and Weather in French.

GRAMPIAN
9.25 am First Thing. 11.00 Time to Think. 11.20 Fairport Convention. 1.20 pm North News. 2.45 Friday Matinee: "Too Many Crooks." 6.00 North Tonight, including Sports Desk. 7.30 The Fall Guy. 10.30 Points North. 11.30 The Streets of San Francisco. 12.25 am North Headlines, Road Report.

GRANADA
11.00 am Sesame Street. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: Hylda Baker and Jimmy Jewel in "Nearest and Dearest." 5.15 Square One. 6.00 Granada Reports. 6.30 Kick Off. 7.30 The Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only: "Benjamin," starring Michele Morgan and Catherine Deneuve.

HTV
11.00 am Sesame Street. 1.20 pm HTV News. 2.45 "The Arsenal Stadium Mystery," starring Leslie Banks. 5.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 "The Torture Garden," starring Jack Palance.

HTV Cymru/Wales—As HTV West except:—12.00-12.10 pm Pili Palalabam. 4.15-4.45 Plant y Chwyldro. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook. 11.00-12.40 am "The Torture Garden" (as HTV West at 10.30 pm).

SCOTTISH
11.20 am Fairport Convention. 1.20 pm Scottish News Headlines and Road Report. 1.30 Square One. 2.45 Friday Matinee: "The Arsenal Stadium Mystery." 5.15 Give Us A Clue. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Late Call. 11.35 Streets of San Francisco.

TSW
11.00 am The Nature of Things. 11.55 Look and See. 1.20 pm TSW News and Headlines. 2.45 "The Mouse That Roared," starring Peter Sellers and David Kossoff. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Take the Stage. 6.00 Today South West. 6.30 What's Ahead. 7.30 Lou Grant. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Continental Cinema: "Traffic," starring Jacques Tati.

TVS
11.00 am Popeye Cartoon. 11.10 Bailey's Bird. 11.35 Joe 90. 1.20 pm TVS News. 2.45 Friday Matinee: "The Black Swan," starring Tyrone Power. 5.15 Watch This Space ... It's Nearly Saturday. 6.00 Coast to Coast. Coast to Coast (cont.) 6.30 Friday Sport Show. 7.30 The Fall Guy. 10.30 An Evening With Liz Robertson. 11.30 Vegas. 12.30 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee—"Where The Bullets Fly," starring Tom Adams and Dawn Addams. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 The Fall Guy. 10.30 North East News. 10.32 Thriller—"Anatomy of Terror." 12.00 Superstar Profile. 12.30 am Post's Corner.

ULSTER
1.20 pm Lunchtime. 2.45 Friday Matinee: "The Marx Brothers Go West." 4.13 Ulster News. 5.15 Hear Here. 6.00 Good Evening Ulster. 6.30 Different Strokes. 7.30 The Fall Guy. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.35 Bizarre.

YORKSHIRE
11.00 am Like Ordinary Children. 11.25 Alastair—One Man And His Band. 11.55 Watoo Watoo. 1.20 pm Calendar News. 2.45 Friday Film Matinee: "The Arsenal Stadium Mystery." 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 Thriller: "Cry Terror."

RADIO

(s) Stereophonic broadcast
‡ Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (s).

RADIO 2
5.00 am Steve Jones (s). 7.30 Terry Wogan (s). 10.00 Jimmy Young (s). 12.00 John Dunn (s). 2.00 Ed Stewart (s). 4.00 David Hamilton (s). 5.45 News: Sport. 6.00 David Symonds with Much More Music (s). 8.00 Victor Sylvester Jr and his Orchestra at the Radio 2 Ballroom (s). 9.00 Friday Night Is Music Night (s). 9.55 Sports Desk. 10.00 Marks In His Diary, starring Alfred Marks. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (s). 2.00-5.00 You and the Night and the Music (s).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (s). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Mendelssohn (s). 10.00 Nolet and Philip Cannon (s). 10.45 Summer School of Music at Dartington Hall (s). 12.20 pm Midday Concert, part 1 (s). 1.00 News. 1.05 Midday Concert, part 2 (s). 2.05 Koenig Ensemble (s). 3.00 Northern Sinfonia of England (s). 4.00 Choral Evensong (s). 4.55 News. 5.00 Mainly For Pleasure (s). 6.30 Play It Again (s). 7.00 Revel (s). 7.30 Songs by Mahler and Brahms, part 1 (s). 8.05 Poetry Now. 8.25 Recital, part 2 (s). 9.00 Through German Eyes. 9.30 Music In Our Time (s). 10.30 Beowulf. 11.00 News. 11.05-11.15 Faure (s).

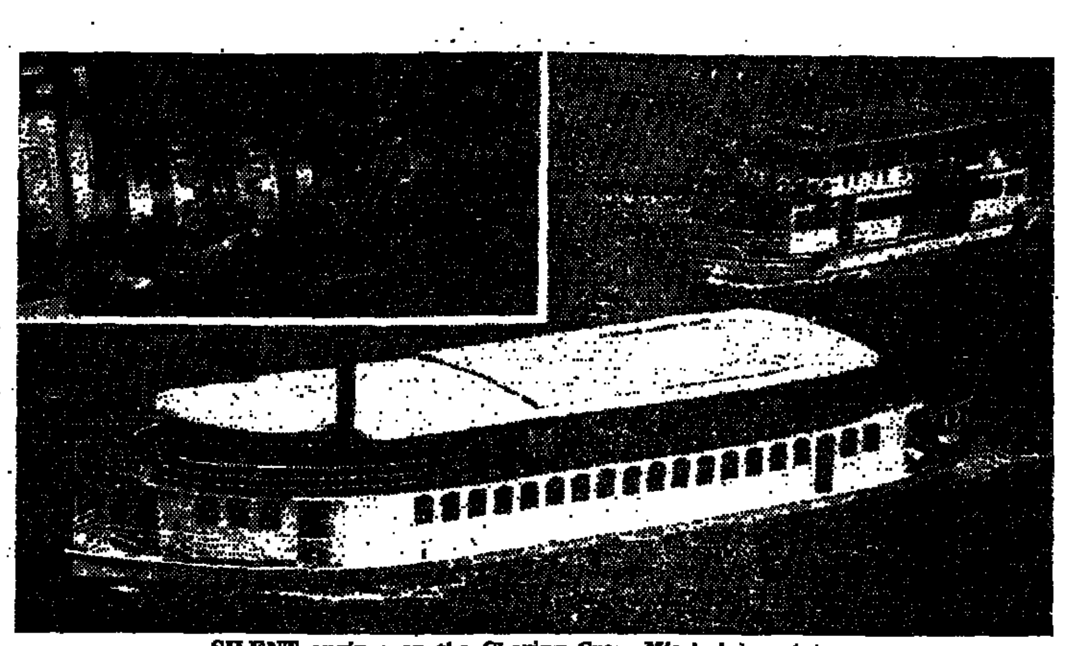
RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 The Widower by George Simenon. 9.00 News. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 12.00 News. 12.02 pm You and Yours. 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (s). 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (s). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (s). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight.

TECHNOLOGY

EDITED BY ALAN CANE

How the Mini principle smooths the waves

As the International Boat Show opens in London ALAN CANE looks at how the constant velocity joint of the revered Mini now plays a part, in giant versions, in reducing shipboard vibration. MAX COMMANDER reports on the latest marine diesel offering from Fiat designed to delight the power boat and water ski enthusiasts.



SILENT engines on the Charing Cross Mississipi prototype

The Fiat 8061 SRM marine diesel engine

Finding the right angle to beat the sailors' vibration headaches

THE SECRET of front-wheel drive in the BL Mini has now been put to novel use — to smooth the life of marine engines.

Halyard Marine of Brentford, Middlesex, and GKN have developed giant versions of the constant velocity joint which made possible front-wheel drive and cornering on the Mini for boats and ships. The new joint will take 100 times the torque of the Mini version.

The problem is that in conventional craft with inboard engines, accuracy of alignment of the engine and propeller shaft is critical. More than two thousandths of an inch out and the ship vibrates unacceptably and propeller shafts wear out in a matter of weeks.

Furthermore, the whole assembly has to be tilted at an angle so the shaft can point down through the bottom of the boat. An engine at an angle means less headroom up above, giving naval architects — and sometimes sailors — a headache.

The conventional technique was to align the engine and propeller shaft with extreme accuracy — a process taking several days for a large boat — and then bolt everything down so securely that every last tremor and vibration was transmitted to the hull.

As Mr James Grazebrook, a director of Halyard Marine, puts it: "The extent of the vibration this causes is demonstrated by the way the cutlery rattles in the restaurant of a cross-Channel ferry."

The Halyard approach is to put massive GKN constant velocity joints at each end of a short propeller shaft. Each joint will take up to five degrees of angle, so the engine can be installed horizontally and needs only to be aligned to within one inch.

Fisherman

The joints allow the engine to move around freely relative to the shaft, so the engine can be soft mounted, reducing noise and vibration by a claimed 50 per cent and 85 per cent respectively.

Mr Grazebrook says the idea is not new; on the North East coast of Britain, fishermen are stripping constant velocity joints out of old Minis, wrapping them in polythene bags and installing them in their boats.

They replace them monthly as the sea water seeps in and renders them unserviceable (Minis were never intended to cross under water).

Production costs for the new massive joint are about £1.5m, but an identical joint is used on the larger excavators so making production runs an economic proposition for GKN.

Halyard has solved another problem of vibration by using a heavy duty thrust bearing mounted at the inboard end of the propeller shaft to take the push from the propellor directly onto the hull rather than onto the back of the engine.

The system will accept up to 600 horse power at present, enough for a paddle steamer or a small trawler, but in principle it could be extended to almost any size of vessel.

There is a prototype installation on the Elizabethan, a 120 foot replica Mississipi Paddle Steamer working from Charing Cross Pier on the Thames.

Mr Grazebrook claims that passengers are unable to tell whether the engines are running or not.

Called GKN Aquadrive, the new system is expected to be of most interest to naval architects, although North Sea oil rig specialists are showing interest; the rigs flex slightly in heavy seas, causing alignment problems with every piece of rotating equipment aboard.

Halyard is on 01-560 8403, and is showing Aquadrive at the Boat Show.

COINCIDING with the Boat Show, AIFO SpA of Milan, a wholly owned subsidiary of Fiat has launched in London its new Fiat 8061 SRM marine diesel engine.

The 8061 SRM is directly derived from the 8061 SM, a design concept which was further developed in the production of the engine designed to break the diesel powered world water speed record achieved in 1979.

Fiat AIFO, the biggest company in the field of inboard marine diesels in Italy and one of Europe's major manufacturers, believes that the engine will arouse considerable interest among power boat enthusiasts and water skiers, primarily because of the engine's dimensions and claimed fuel savings.

According to Fiat, tests on Lake Como by the Morgan Ski Club of Lezzeno showed operating costs to be only 30 per cent of those from similar capacity petrol engines.

The 8061 SRM is a four-stroke direct injection diesel with six in-line cylinders turbocharged and with intercooling.

The latter is achieved by the use of two circuits. The primary is a closed fresh water circuit, cooled by the secondary raw water circuit (open), using a water to water heat exchanger of the tube element type.

The secondary circuit also cools the turbocharged air through an air/water heat exchanger and the engine oil through an oil/water heat exchanger.

Total swept volume is 5,500 cc with a maximum power output of 220 hp at 3,200 rpm and a dry weight without gearbox of 540 kg.

Fiat claims a high power/weight ratio with dimensions of 730 mm high and 1,020 mm length.

Forced lubrication is by a gear driven pump, while oil filtration is a full flow system incorporating a safety by-pass valve.

The fuel lift pump is of piston type injection pump driven, and two filters in parallel ensure adequate fuel filtration.

The monobloc construction cylinder block is cast integrally with the crankcase in high duty cast iron, the sides of the crankcase extending below the crankshaft centre line to act as a stiffening skirt. Renewable dry liners are pressed into the cylinder bores.

The crankshaft is supported by seven main bearings and incorporates integral balance weights of special heat treated steel to give high resistance to fatigue.

Pistons are of die cast high aluminium alloy and incorporate a special insert into which the top piston ring is located.

Connecting rods of high tensile steel have oil ways to lubricate the liners and gudgeon pins.

Standard equipment is a 12V electrics system with starter motor of either a Bosch type JF 12 or 3kW or a Marelli MT 68AC of 3.5kW. A choice of gearboxes is available.

Fuel consumption ranges from 170 gm/CV hour at maximum power falling to 164 gm/CV hour under normal seagoing conditions.

Prices start at £5,535 reaching £6,827 depending on choice of gearbox and other options. Full technical details are available from Iveco (UK) Fiat Aifo Division, Road One, Industrial Estate, Winsford, Cheshire (06065 53181).

Low cost shipborne satellite terminal

A NEW design of low cost shipborne satellite terminal aimed mainly at the smaller vessel is under development at the Home Office, in conjunction with UK industry.

At the moment some 800 ships are believed to be using the "Standard A" terminal which employs a 1.5 metres diameter relatively high gain, narrow beamwidth dish aerial with elaborate tracking system, for use mainly with the U.S. Marisat system of orbiting satellites. Each of the shipborne stations costs up to £25,000.

Operational

The new system on the other hand, intended mainly for use with the new series of six satellites to be put up by Inmarsat, the International Maritime Satellite Organisation, is likely to have an installed cost between £5,000 and £10,000.

When all six of the geostationary craft are up and operational, probably by 1989, any ship on any ocean will have virtually instantaneous contact with any land-based telephone.

The design approach for the new compact terminal has been to use a smaller dish aerial (0.4 metre) of less gain and wider beamwidth. This reduces the steering/platform stabilisation costs while the consequent problem of increased noise is taken care of by using a digital transmission technique employing pulse code modulation.

Converter

Main part of the shipborne electronic hardware is being supplied by Microwave Associates of Dunstable. It consists of an up converter (transmitter) and down converter (receiver) sharing a common local oscillator which takes the form of a crystal controlled frequency synthesiser with thumbwheel selection of 341 channels.

The transmitter tunes over the range 1636.5 to 1645.0 MHz and can deliver up to 25 watts to the dish. The receiver works over a range about 100 MHz lower and can deal with input signals down to —100 dB.

GEOFFREY CHARLISH

One unit mobile grit and water blaster

A MACHINE combining water and grit blasting in one transportable unit is now available from Miner Industrial of St Helens, Merseyside.

Developed by Seaguide Fabrications, the blast stream can be adjusted for wet or dry blasting to achieve the required finish or profile when cleaning stone, concrete or plastic materials.

Capacity

Pressure at the nozzle is variable from 30 to 125 psi. Compressed air requirement is 250 to 350 cfm depending on nozzle size while the unit has a capacity of 450 lbs of expendable abrasive.

The unit is eight feet long, four feet wide, and five feet high. Miner Industrial is at Moorfoot Industrial Estate, Parr, St Helens, Merseyside (0744 39595) and Seaguide Fabrications at Unit 6, Garston Industrial Estate (Liverpool 4940388).

Range of steel tanks

A RANGE of tanks erected from modular steel components and with flexible membrane liners is being offered by MacLeod and Miller (Engineers) of Glasgow.

The company says that components can be hand carried through doorways for erection, using ordinary hand tools, where space is restricted.

Originally developed by ModuTank in New York, the Scottish company is manufacturing three sizes—ModuStor of 30m³ capacity, the Maxi-Pak (8m³-70m³) and the Minipak (1m³-5.5m³).

McLeod and Miller is at Whistlebury Road, Blantyre, Glasgow (0698 822231).

Censor causes a stir in the U.S.

BY LOUISE KEHOE

THE QUEST of the semiconductor industry to make ever smaller and more densely populated chips has a new ally in the form of a complex photo-lithographic system produced by Censor Products, a small Liechtenstein company.

Censor, new to the semiconductor production equipment business, has caused a stir in the U.S. by introducing a "stepper" system that significantly reduces the size of the microminiature circuit patterns that can be optically produced on a silicon wafer.

The stepper is an ultra-precise micro-lithographic system that aligns and projects patterns of minute circuitry onto wafers of silicon.

Resolution

The system—which was first announced early last year—has already been purchased for evaluation by some of the leaders in the semiconductor business—Intel, IBM, ITT, and Siemens. Five more systems are on order, each at a price of $750,000, according to the company.

Several other U.S. and Japanese companies make steppers — but none, Censor claims, can match its fine line resolution, including market leader GCA Corporation of Bedford, Massachusetts.

Key to Censor's success are the sophisticated optics that give Censor's stepper the ability to produce features as small as 0.7 microns wide on a silicon chip. That is almost half the size of those made by competing stepper systems. By comparison the top selling stepper system from GCA has a resolution of 1.2 to 1.4 microns.

The resolution of the Censor system also challenges that of far more expensive electron-beam systems that have been mooted for the next generation of semiconductor devices.

"The Censor system has a superior lens," says Gerry Parker, vice-president for Technology at Intel. According to Herner H. Tabarelli, Censor president, his company has obtained exclusive rights to use the special lens from its manufacturer, Zeiss.

How does a small company with no previous experience manufacture such a complex system? "We have contracted with Omega of Switzerland to manufacture the mechanical elements of the system," says Tabarelli. "They have the craftsmen needed for the precision work, and they need the work because of the poor state of the Swiss watch industry."

Finer resolutions are always the goal of the semiconductor chip-maker because they mean more devices making more complex circuits on each chip.

To make the latest generation of memory devices, 64K RAMs, most manufacturers agree that the high resolution of a stepper system is needed for the most critical stages of production. When it comes to making 256K RAMs—parts that are expected to go into production in 1983—steppers will be essential.

Theoretical

While chip makers are pleased with the new Censor system, not surprisingly, perhaps, competitors GCA are not as easily impressed. Bill Schneider, product marketing manager for the GCA stepper, claims that Censor's specifications are theoretical and probably could not be attained in a real production environment.

GCA has sold more than 300 stepper system to semiconductor producers throughout the world, and has a massive service organisation to support customers in case of system failure.

"We do not regard Censor as a significant competitor," said Schneider.

HARROGATE CONFERENCE CENTRE

REPORT BY RAY SNODDY

An international debut worth singing about

IN APRIL, the town of Harrogate in North Yorkshire will show a more intense interest than usual in the Eurovision Song Contest—an interest that will have little to do with the quality of the lyrics.

For the contest is being staged in the town's new £28.5m conference complex and the event is, in effect, the international debut of a centre designed to keep Harrogate in the first division of British conference venues and allow the town to compete for a larger slice of the lucrative international conference trade.

Not only will the event in Harrogate be seen by more than 400m people all over Europe, a five minute film on the town and the beauty of the surrounding area will be shown during the programme—invaluable publicity for Harrogate as a tourist centre.

The potential rewards for Harrogate are great, but the competition for the conference and exhibition trade is intensifying in the UK and abroad.

Around £550m a year is spent on conferences in the UK and British companies now spend 8 per cent of their marketing budgets on exhibitions. This is double the proportion of five years ago and totals £200m.

Internationally, the centre is probably being launched into a buyer's market for conference throwers in the mid-1980s as new centres come on to the market. In France, for instance, the relatively new convention facilities in Monte Carlo are about to be joined by an $80m complex at Cannes and another giant project is planned for Nice.

For Councillor Ron Mather, chairman of the conference sub-committee of Harrogate Council, there was little choice. "We had to do it. It would have been fatal for the future of the district not to have built it—the town would have gone into decline."

For its money, Harrogate has got a splendid 2,000 seat auditorium, which can be curtained off for 1,300 and 600 audiences, a new exhibition hall which doubles as a banqueting hall for 1,000, a superstore with 40,000 sq ft of selling space, an office block, restaurant and small shops plus the foundations for a new hotel.

Conferences and exhibitions at present bring in an estimated £25m a year to the town and it is believed that the new centre will lift this by 25 per cent this year.

Next month, the international situation permitting, Mrs Thatcher will walk up the spiral approach to the auditorium to deliver the keynote speech to the Young Conservatives' Conference.

Harrogate is also negotiating with the Confederation of British Industry for its 1982 conference in November and the town hopes that the Liberal Party and the Trades Union Congress will come next year.

There has however been a row locally over the delays in the project and rapid rise in costs.

The original announcement that work was to begin on the centre said the completion date "is expected towards the end of 1978." It was expected to cost about £8m.

The path to its opening has not been smooth. Apart from the difficulties of inflation, the council had to take over the project after the original private developer was unable to proceed. Then in 1978 the decision was taken to upgrade the plans to meet growing competition. Finally in Christmas 1980 the council had to come to terms with the fact that the centre needed financing of £25m plus agreement on a further possible £4m.

Mr Mather told councillors last month: "We can see daylight now at the end of the tunnel. It has been a very long tunnel—one of the longest I have traversed." He also promised a council investigation into the rise in costs and the extent to which this could have been anticipated.

The centre will produce an overall loss of around £5m this year with an occupancy level which at the moment looks like being around 25 per cent. The difficulty, now removed, was in trying to sell a centre that was not yet completed.

Under the 14-year loan agreement with merchant bankers Morgan Grenfell, the cost to the local ratepayers will reach a peak this year, be "minimal" in 12-15 years and show a surplus after that.

The Harrogate Conference Centre has its origins in a report by PA consultants on the future of the town.

Its conclusion was: "We consider provision of a new conference hall essential if Harrogate is to maintain, or more importantly increase, its present position in the market. Despite the risks it is an investment decision which in our opinion the corporation must face up to as a matter of urgency."

The council, which is Conservative-controlled, did just that and, despite all the difficulties, believes it took the right decision, for the conference and exhibition trade in Harrogate has shown slow but steady growth over the past decade.

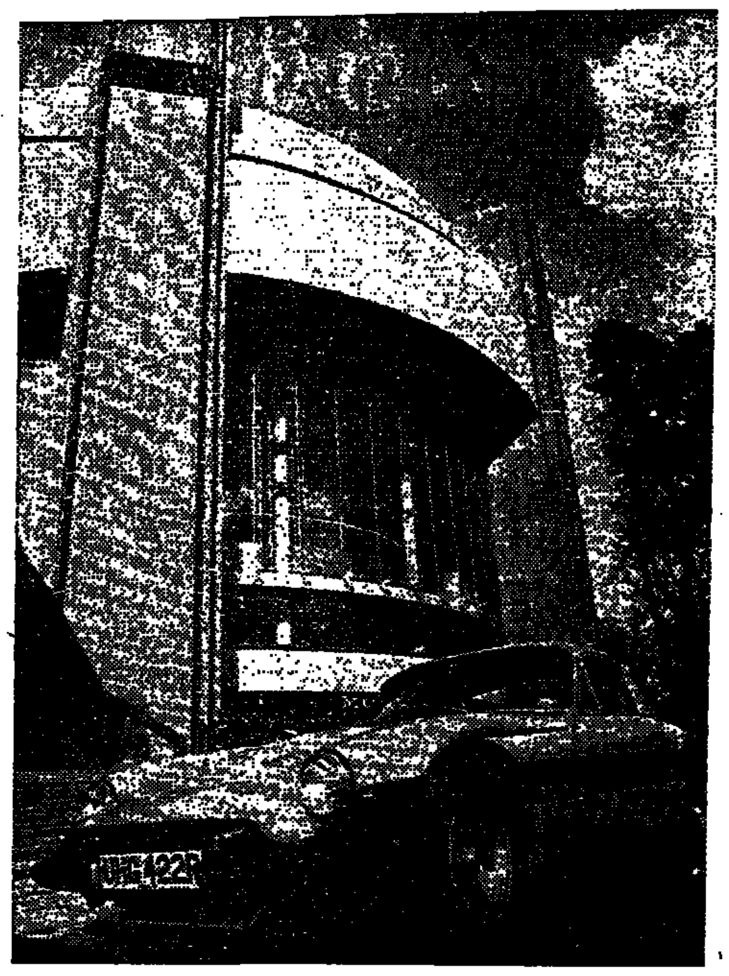
In 1971 there were 410 conferences attracting 37,468 delegates. In 1980 the number had grown to 559 conferences attracting 48,893, according to council surveys.

Conferences vary greatly, of course, anything from the 2,000 delegate Institute of Personnel Management conference and exhibition in October (Harrogate regulars) to a 20 delegate conference held by Shell UK in a local hotel.

Direct earnings from conferences and exhibitions can be substantial—Harrogate exhibition halls are hired out at £800 a day and the new conference centre will be hired out commercially at £1,000 a day, although conferences will pay only £1 a delegate. The greatest impact is the indirect boost given to the local economy.

Around 6,000 jobs are directly dependent on tourism in the Harrogate district and many other service jobs are tourism linked.

The vitality of the conference and exhibition trade has contributed to holding the unemployment level in the Harrogate travel-to-work area to 8.1 per cent, 4 per cent below the national average and lower than its surrounding area.



The striking exterior of Harrogate's new £28.5m conference complex

Hotels move into top gear for the conference age

YOU CAN still take the cure in Harrogate. It costs 10p to visit the Royal Pump Room Museum and another 10p to descend to the original well-head and drink a glass of sulphurous water "efficacious in curing rheumatism, gout, digestive ailments and skin diseases."

But if the spa water is not so highly valued as once it was, the spa area has left one important economic legacy which has helped the town to develop as a conference and exhibition centre—a range of good hotels.

There are five four star hotels clustered within walking distance of the new conference centre and a total of 2,000 first class beds, with either private shower or bath in the town. In the town and surrounding district there are seven three star hotels, a total of 160 hotels, guest houses or farm houses offering accommodation and more than 4,000 beds.

If the new centre attracts more conference trade will Harrogate be able to cope?

There are already about 10 weeks a year when Harrogate is so busy—for instance during the International Toy Fair every January—that the town bursts at the seams.

Then some exhibitors have to stay as far away as Leeds, Bradford or York.

The success of the new centre could increase the number of times when Harrogate has to put up the "full" sign at least in the short-term.

Plans are already underway, however, to increase the number of first class beds in Harrogate and to improve the quality of existing hotels.

The foundations for a new modern hotel have already been constructed as part of the conference project. Talks are at "an advanced stage" for the construction of a 480-bed four star hotel on the site which would be directly linked with the bar areas of the conference centre.

Mr John Abel, managing director of the George Hotel company, explained that his company sold the four star St George Hotel in Harrogate in 1980 to provide capital to invest in the new hotel project. The plan is to invest a total of £12m in two stages to build a conference hotel and additional conference and exhibition space.

Outline planning permission has already been granted for another 400 beds in the town to be provided as they are needed.

In the meantime, the existing hotels of Harrogate are spending large sums on upgrading, redecorating and refurbishing with the pulling power of the new conference centre in mind.

The Granby, for instance, has spent £1m and the Hospitality Inn, facing the Stray, the 200 acres of greenery which almost encircles the town, has spent £900,000.

The largest hotel in town, the Majestic, has already spent £500,000 on its public rooms and is upgrading its bedrooms in stages.

The Old Swan, where Agatha Christie stayed when she "disappeared" for three weeks and where the film Agatha was shot, has spent more than £300,000.

Most of the large Harrogate hotels could not survive without the conference and exhibition trade. Mr Frank Flaherty, general manager of the Majestic, says that it accounts for more than half of his business.

The main problem at the moment is that there are sharp peaks and troughs.

Hoteliers hope that eventually the new conference centre will help to smooth out the unprofitable troughs. Although they may also grumble at delays and cost and increasing rates they are convinced of the long term merit of the investment.

Mr Flaherty, whose hotel grounds almost touch the new centre, commented: "In 25 years' time it will be said that the council showed tremendous foresight and wisdom to have built a major international centre."

Design and Construction

Principal firms involved in the project were:
Architects: Morgan Bentley Ferguson Cale
Mechanical and Electrical Engineers: Ford, Higgins and Pole
Quantity Surveyors: Wilfred Sykes and Needham
Structural Engineers: Robert T. Horne Associates
General Contractors: John Laing Construction

Tourists and delegates: a search for the right mix

THE CONFERENCE and exhibition trade has perhaps come to overshadow "ordinary" tourism in the Harrogate area. That is where the major investment has been made.

Those who come to exchange ideas or products, tend to stay in good hotels and to spend more heavily than those who have come just to look or relax. They are also prepared to come in almost any month of the year.

"Ordinary" tourism is still important to Harrogate and the qualities which attract visitors make Harrogate a more interesting and pleasant conference venue.

There are said to be more antique shops in Harrogate than anywhere in Britain outside London, and the town delights in beating resorts like Cannes into second place in international floral competitions.

Although the Royal Bath Assembly Rooms closed for therapeutic baths in 1967 the Turkish Baths have been retained with sauna and solarium added. In the restaurant a pianist still plays as people sip their morning coffee.

The main thing Harrogate lacks as a resort is the sea. The Tourist Information Office, which answers 150,000 queries a year, regularly gets asked the way to the beach. The answer is always "60 miles either east or west."

Harrogate's greatest tourist attraction is probably the fact that the Dales start two and a half miles down the road and the town is used as a centre for exploring such areas as Upper Nidderdale and Wharfedale.

Tourism in North Yorkshire has been given a new impetus by the veterinary novels of James Herriot.

The town of Brawton in the novels is Harrogate and Herriot weekenders, before being whisked off to Thirsk, in the hope of catching a rare glimpse of their hero, are often treated to a Harrogate dinner at which the real live partner of James Herriot, who recently retired as a vet, tells them of his life and times.

North of York another literary-television site of pilgrimage is beginning to draw increasing attention — Castle Howard where Brideshead Revisited was shot.

Mr Tony Miles, resort services director, believes that any lasting distinction between conference visitors and tourists may be misleading. "The conference delegate often comes back to the area as a tourist and brings his wife," he says. On the second visit it is the small hotels, guest and farm houses which benefit.

However, conference delegates and visitors may not mix all that well. One tourist on a discount weekend was horrified to find his hotel full of people earnestly trying to sell each other video equipment.

HARROGATE CONFERENCE CENTRE

The new exhibition hall with overhead racks to carry services

Investing in the future

CONFERENCE CENTRE managers who have just taken possession of new conference centres are very prone to claim, and go on claiming, that their building is not only the best in the region but also in the country, Europe, the world.

Such claims can usually be only tested adequately by conference organisers trying the place out and comparing the experience with the opposition.

Before its doors were open, professionals in the conference and exhibition field were saying nice things about Harrogate.

Exhibition managers of the British Exhibition Venues Association, interrupted during a meeting in Harrogate last month, were very flattering. Mr Ray Purnell, chairman of the association, commented that the centre was "absolutely stunning. You have to go to Europe to find anything like it. There is nothing to touch it in Britain. It is the finest — an investment in the future which is bound to pay off."

Certainly the building is dramatic and with its six red brick towers supporting its round superstructure it has an extraterrestrial air as if it had just unexpectedly landed beside three-storey millstone grit Harrogate houses.

The visitor is swept up a broad cantilevered ramp through two and a half spirals to the mouth of the auditorium. The ramp won the Concrete Society's award last year before the building was finished.

It is surrounded by informal areas on several levels and a feeling of space designed to allow delegates to "breathe" and conduct the face-to-face meetings that help to make conferences a growth area despite the advance of both recession and telecommunications.

Apart from commercial considerations, it was also deliberately decided to have a large supermarket as part of the centre so that it would seem less a thing apart from the life of the town. Morrisons, the Bradford-based supermarket company has already opened in the store after spending £2m on fitting it out and hiring a staff of more than 150. It has the use of 300 of the centres 400 car spaces during the day.

"In a sense, Harrogate had greatness thrust upon it," Mr Joe Bentley of Morgan Bentley the architects says. "We were aware that Birmingham, Brighton, Wembley and Barbican were on their way . . ."

Europe was scoured for ideas. As a result, Harrogate is a member of a very exclusive club—the British Conference and Exhibition Centres Export Council.

A town or city must have a modern, purpose-built conference centre capable of seating at least 2,000 people to join the group which combines to market their facilities internationally. Until now, Harrogate has had the distinct disadvantage of being merely an artist's impression on the brochures alongside pictures of "living" conference centres at Wembley, Birmingham, Barbican and Brighton.

The "Big 5" club, however, is likely to grow bigger. St David's Hall, Cardiff, is due to open in the autumn, and will also seat 2,000 in air-conditioned comfort with closed circuit television and full arrangements for broadcasting.

Then Bournemouth is due to weigh in with a £16m centre.

The present "Big 5," although very different, are in a sense complementary. Apart from Wembley and the Barbican, which share London, they are in different areas of the country and conferences often like to move around from year to year.

Although large conferences will use the new centre, Harrogate's traditional conference space will still be used—perhaps for conferences that want to break down into different sections. For the Baroque style there is the 1,300 seat Royal Hall, built in 1900 for £78,000 and denounced at the time as a "white elephant." Then there are 700 seats in the Lounge Hall, 300 in the Crescent, and 400 in the Parliament and 500 in the Sun Pavilion, apart from private conference venues in local hotels.

An important part of the centre complex is the additional 2,000 square metres of exhibition space giving a total of 12,000 square metres in six halls which now all form part of a linked complex.

It is an indication of the health of the exhibition market that last month they were holding an exhibition about the exhibition business in Harrogate and that all six halls are 90 per cent booked for the next two years.

Harnessing new technology

FOR HARROGATE there have been some advantages from the delay in completion of the centre. The technical equipment is the very latest —particularly important when technology is changing rapidly.

Some of the sound and lighting equipment was ordered as recently as 12 months ago, with subsequent savings in cost, size and quality.

"We were building at the right time to harness all the new technology. There may be increasing sophistication but not much fundamental change for the next decade," Mr Joe Bentley of Morgan Bentley and Partners of Harrogate, the centre architects, believes.

The centre was able to buy a closed circuit television system for £2,000 that would have cost between £12,000 and £15,000 a few years earlier and the 160-way light pallet memory control board which cost £14,000 would have been £100,000 four years ago.

There was also time to learn from the experiences of other new centres. At the Wembley centre it was found that pop groups liked to do their sound mixing close to the stage. So apart from being operated from the control rooms at the rear of the Harrogate auditorium, the 24 channel sound mixing desk can also be used at the centre of the hall.

Technically, the Harrogate auditorium is a compromise. Apart from conferences and exhibitions it has to be capable of staging everything. The only notable exception is opera or drama needing extensive scenery.

About 95 per cent of the centre's equipment is British made as a result of council policy.

Other features are:

- An extension grid which extends over the whole platform which can be stepped by three lifts which can travel from auditorium floor level to 2m above.
- A control level which sweeps round the auditorium and houses lighting, sound, projection, interpreter booths, VIP viewing and broadcast control. The interpreter booths have not been fitted with permanent equipment however—this will have to be hired.
- Sound systems designed to match or exceed broadcasting or recording studio standards.
- A chairman's panel to select, and silence where necessary, floor speakers which are routed through the mixer, and make use of loudspeakers in the ceiling.
- Specially designed seats for the auditorium which are to be called the "Harrogate Conference seat."
- A fire security system which links each room in the centre to a central alarm panel visible to fire services from outside the building.

In the world of super salesmen

Mr Tony Miles, resort services director: friendly rivalry.

IN MAY, Mr Tony Miles, director of resort services for Harrogate, attended a meeting of the "Big 5" conference centres, the group set up four years ago to market jointly abroad the Barbican, Birmingham, Brighton, Harrogate and Wembley conference centres.

Like serious poker players who are also friends, they sat around the table together knowing that each (plus the Royal Albert Hall) was fighting to attract the Eurovision Song Contest. But not a word was said on the subject.

It is an example of the curious mixture of co-operation and deadly rivalry involved in pulling off the big prizes in the conference world.

Tony Miles struck early. When Bucks Fizz won last year's contest in Dublin, giving Britain the right to stage this year's contest, he was on to the BBC first thing on Monday morning.

"You have to move fast in the conference business, says Mr Miles, who has 30 years experience in the organising of municipal entertainments, conferences and exhibitions.

When an inquiry is received in his office, he is on the phone that morning to see when the inquirer can come to Harrogate with spouse to see the facilities and surrounding area.

It is a difficult, ambiguous world for municipal conference directors. They must be super salesmen prepared to spend money entertaining possible clients in the best restaurants while at the same time being council employees having to account for every penny to political masters.

"I was once attacked for going to the conference of the International Congress and Convention Association in Vienna," he says.

But after explaining the value and necessity of such international contacts he got a round of applause from the councillors. It is important, he believes, to know his counterparts in West Berlin or South Korea.

Tony Miles started as an office boy in the Margate council offices and worked his way up to entertainments manager, where he was in charge of his father who ran the resorts deckchair service.

Since 1972 he has been at Harrogate first as deputy and then as resort services director.

Tony Miles will now run everything from art galleries and museums to arranging the venues for professional wrestling and performances of the Hallé orchestra from his new office in "one of the finest conference centres in Europe."

The man who changed the spa's image

Mr Bill Baxter: first in the conference field.

MR BILL BAXTER remembers Harrogate when the early morning streets were full of carriages and landaus and the Royal Pump Rooms served 3,000 glasses of improving water between 7 am and 9 am before high society returned to their hotels for breakfast.

"Harrogate's century was the 19th, particularly after the railway came in 1847, whereas Bath was fashionable in the 18th century," Mr Baxter says as if he had been there then too.

"Between York races and the St Leger, all of Victorian Society came to take the cure. If the Prime Minister had wanted to hold a Cabinet meeting it would probably have had to have been in Harrogate."

Bill Baxter was Harrogate entertainments manager from 1945 until his retirement in 1968 and saw the spa era pass away. He was involved in the change of direction to conferences and exhibitions which saved the town from an otherwise inevitable decline.

The depression of the 1930s, the disruption of war when the hotels were commandeered as hospitals, and finally the advent of the National Health Service killed off the spa business.

"Harrogate reorganised itself and we were the first in the conference field," Mr Baxter says.

Not all the old hotels survived the transition. The Queens, for instance, is now the headquarters of the Yorkshire Regional Health Authority.

Mr Baxter believes the new conference centre, built on what was once municipal tennis courts where a Davis Cup match was played and Fred Perry gave exhibitions, is a logical development.

"We had to do it. We started in conferences very early and we just had to keep up with the competition," says Mr Baxter, who in his 78th year is still chairman of Harrogate and District Hotels, Guest Houses and Restaurants Association.

He was involved in the British Advertising Convention held in Harrogate in 1925. He believes it is indicative of the future that 1,000 advertising executives and marketing directors will return to the town in September for their annual conference in the new centre. The new international centre was apparently a key reason for persuading the association to break with their tradition of holding their annual conference in Brighton.

Mr Roger Underhill, director-general of the association, commenting on the decision, said: "We felt it was time for changes. By holding the conference in Harrogate we shall be closer to the industrial heart of the country where so many of our advertising members are based."

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

ITT learns the importance of national identity

Ian Hargreaves, in concluding his analysis of the U.S. multinational, highlights its European operations

NOTHING in ITT's vast 90-country empire has given the company such persistent problems in the last five years as ITT Europe, the sprawling collection of businesses whose almost $10bn in sales last year made it Europe's 14th largest manufacturing company, just behind ICI.

But today, having shut down large parts of its food and electrical goods operations, reorganised consumer electronics on a West German base and rethought its European management structure, ITT is singing a more confident tune.

"I have a very good feeling about Europe," says Rand Araskog, ITT's chairman, "Europe is a tremendous part of the personal fascination (of managing ITT) for me. But I hope that will not lead to us keeping something we shouldn't keep."

This sounds like—and indeed is—a piece of cheerleading, because Araskog is the first to admit that ITT still has some significant problems in Europe—a rocky Italian motor parts business and serious over-employment in Spain among them. But it is cheerleading worth noting from a company whose roots are in the European telephone business, but which, on the way to becoming in the past 20 years the world's largest conglomerate, has sought most of its growth outside Europe, causing many to doubt ITT's commitment to the continent. Today, just under half of ITT's physical assets are in Europe and Europe provides about 55 per cent of the company's profits.

Closure

ITT can hardly be surprised if outsiders are confused about its intentions towards Europe. In 1978-79, when Lyman Hamilton was briefly chief executive, the plan seemed to be to close down Europe's consumer businesses, including television, entirely.

Then Araskog came in, approved the closure of four TV plants in France, West Germany and the UK and the modernisation of another plant in West Germany, which is now part of Standard Elektrik Lorenz, ITT's West German telecommunications subsidiary.

The plan has worked and SEL, despite high German labour costs, is now sufficiently efficient in TV manufacture that the business is making money, even though its market shares (12 per cent in West Germany, 2 per cent in Britain, 10 per cent in Spain) are still small. Television's turnaround is also the main reason why ITT's consumer products group will this year make money for the first time since the mid-1970s and at a time of very poor market conditions.

Television has thus been the most striking and concrete example of Araskog's European strategy, which appears to have five elements:

1—Continue to sell peripheral businesses.

2—Place line responsibility for most European operations with the major ITT telecommunications company in each country—SEL in West Germany, STC in Britain, STK in Norway. A corollary of that has been sharply to cut the Brussels headquarters staff of ITT Europe, which has fallen by 15 per cent to under 400 in the last three years.

3—In the major business, telecommunications equipment, create a more democratic decision making structure to cut out wasteful rivalry within Europe and between Europe and the U.S., where ITT needs all its European expertise to crack a very difficult market. Within Europe, ITT expects its new system 12 switch to enable it to hold on to its very substantial share of the European switch market.

4—Try to cross-fertilise between ITT's U.S.-based electronics businesses and those in Europe, where ITT has great research strength, to create advanced electronics products for the business market.

5—Tackle the problem of over-employment, which is most serious in Spain.

Under the first heading, says Jack Guilfoyle, president of ITT Europe, ITT has a "small list" but nothing to compare with the dozen or so European companies sold in 1979 and 1980 in the food, lighting and distribution areas. The more obvious candidates for sale would be Nova, the Belgian home electrical appliance maker, and Leifheit, which makes kitchen gadgets. Both of these, says Guilfoyle, are profitable and could be sold if anyone were prepared to offer a good price.

The second element, management structure, shaped up in Araskog's mind back in 1976, when he noticed a common theme in the business plans he was reading from the European companies. "They wrote that they were limited from this area and that area, that they had to concentrate on public switching, that they couldn't go into private communications and so on. It was in every plan," he recalls.

The rigidity of a management structure dominated by product line was also preventing necessary flexibility in R and D and in the labour area was creating conflicts for country managers, who had to deal with the political problems caused by, say, a plant shutdown ordered by a product line manager in Brussels.

Today, in essence, SEL is running ITT Germany while STC, which Araskog also decided partly to sell off in another move to strengthen its national character, is running ITT Britain. BTM runs Belgium. STK runs Norway.

"All these companies are equal now to the size of ITT in total at the time that Harold Geneen took over in 1959," says Araskog. "They are powerful organisations and we are trying to treat them that way." The only big exceptions to this thinking are in the pump group, where the best known member is Flygt of Sweden, which is run from New York, and the motor component's group. This is also run from New York, although its strongest operational element is Alfred Teves, the West German brake company, which has in the last three years been able to use its experience in European front wheel drive cars to seize from scratch 30 per cent of the U.S. non-captive brake market.

The importance of creating a national rather than a multinational image in Europe—the European companies normally remit half their earnings to New York—is something which ITT has learned through bitter experience. Indeed, this experience is continuing today as the company negotiates the nationalisation of its remaining telecommunications business in France.

The third part of the strategy—more broadly based decision making—is a necessary counterbalance to the fiefdom approach of the second. An example of it would be the telecommunications council which meets regularly in Brussels and which, in the presence of Araskog and a couple of other top New York executives, thrashes out a worldwide policy on telecommunications.

Such forums, which Araskog says are for him the key think tanks of the organisation, are also closely connected with element four. Cross-fertilisation to develop a global communications industry strategy is perhaps the most essential and difficult part of ITT's long-range planning. It means bringing the products of ITT's newest major companies, Courier and Qume (which make video display units and computer printers) into the European market, but even more important pooling research ideas on the software development which ITT sees as the key to the communications market of the future.

Item five is one of ITT's perennial frustrations. As the company moves to electronic telecomm switches rather than electro-mechanical, it needs many fewer people and facilities.

Surplus

In Britain, says Guilfoyle, STC has done well, although Europe-wide lay-offs have cost ITT $160m in the last four years, part of a $350m global charge taken for "technological restructuring." In Spain, however, ITT, like many others, has had little success. Though the workforce is now 16,000, says Araskog, 3,000 are surplus to requirements. "At the end of this decade we are going to have to be down to 7,000."

"Ultimately it has to be a disaster for the company," which, because of Spain's generous export credit financing, is one of ITT's most important export bases, in common with the companies in Belgium, Britain and Norway.

This pragmatic blend of concern for the corporate bottom line, desire to appear above all a good national citizen and struggle to produce global strategies where necessary, is probably what ITT needs in the 1980s, but it does not alter the fact that the European landscape continues to look hilly.

Nationalism in telecommunications and political vagaries in the flow of capital to the telephone authorities will continue to create unease in ITT's switch business and at the broader EEC level, ITT feels it could still have some problems from things like the tougher proposals on reporting requirements.

Politically, the election of President Mitterand came as a shock—Rand Araskog, for all his company's experience in Europe, is an uncompromising backer of Reagan economics, and has even proposed drafting a bill of rights for free enterprise in case a leftishly inclined Administration ever took over in the U.S.

The loss of ITT France will certainly be a blow, even if ITT, as it hopes, persuades the French to continue manufacturing System 12 within the nationalised company.

Even in the consumer products business, so recently pulled from the fire, problems lie ahead. Outside of TV, ITT is selling at the more expensive end of its product range (audio and home computers) Japanese and German-made goods stamped with an ITT logo—a notoriously unprofitable and insecure way to do business, although something ITT says it needs to do to round out its TV product offerings to dealers.

It is significant though, that ITT is choosing to stamp the ITT logo on its audio equipment. The reason, says Guilfoyle, is that the company's market research shows the name ITT in Europe is associated with quality and high technology.

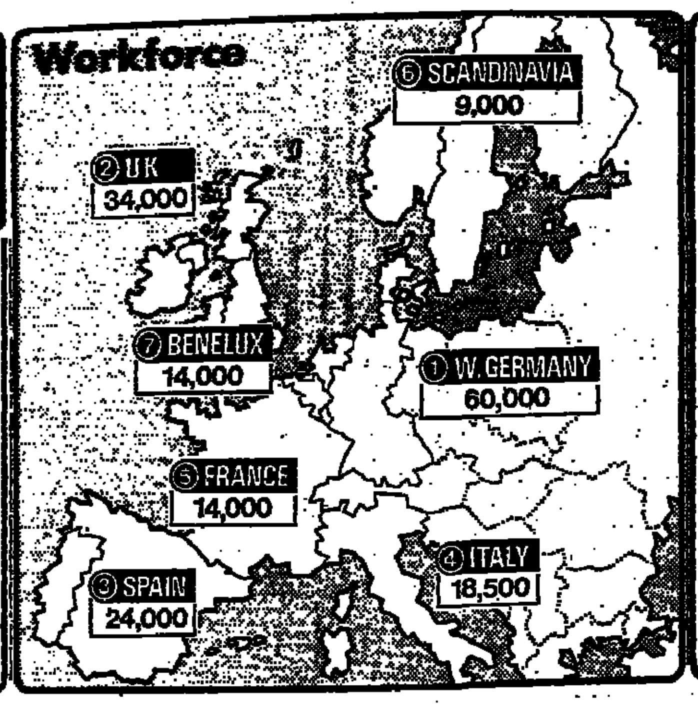
At one time, ITT was cautious about using its name in Europe—a product of sensitivity towards nationalism and, perhaps to do with the blackening of the company's image during the political scandals of the early 1970s.

Apart from the recent conviction of four ITT Austria executives on bribery charges, in a case dating back to 1975, Araskog is confident he and his specially appointed "corporate policy compliance officer" have flushed out any problems of that kind.

It is a sign of the times that outside Austria, this story attracted very little attention. The times, like ITT, have changed.

Two previous articles on ITT appeared this week on Tuesday, page 12, and Wednesday, page 9.

Jack Guilfoyle



1. West Germany: has 36 per cent of ITT Europe's sales and makes telecomms equipment, motor parts, bathroom fittings, semiconductors, fasteners, pumps and Leifheit kitchen gadgets; also has an insurance company, Transatlantische. Master company is Standard Elektrik Lorenz (SEL).
2. UK: makes telecomms equipment, semiconductors, pumps, control systems; also has Abbey Life and Excess insurance groups. Master company is Standard Telephone and Cables (STC).
3. Spain: makes telecomms equipment, TV sets.
4. Italy: makes telecomms equipment, motor parts.
5. France: makes telecomms equipment, motor components.
6. Scandinavia: makes telecomms equipment, industrial pumps.
7. Benelux: makes telecomms equipment, consumer appliances, industrial heaters.

Bob Hutchison

BOARDROOM BALLADS
EAST OF EDEN

From London to Bonn and Chicago,
In Zurich, Toronto and Nice;
Every island and archipelago
From Chile, to Holland and Greece;
Wherever executive people
Slump wearily into their chairs
In the hope that the counting of sheep'll
Do something to lessen their cares;
Wherever the harassed director
Turns to sleep for relief when he can;
They awake to the frightening spectre—
Of inscrutable men from Japan.

★

Beleaguered in Basle and Benghazi,
The most robust of corporate men,
Quake at the vast kamikaze
Hordes of the murderous yen;
The ubiquitous bland oriental,
No higher to most than their knee,
Turns giants of industry mental
To an unprecedented degree.
And the threat of the little invaders
Brings a strong, paradoxical urge
For yesterday's eager free-traders
To demand an embargo — or merge.

But it's not just the fact that we're losing
The markets that's causing the fuss;
It's these damned funny methods they're using
Which they've clearly not borrowed from us!
Did you ever hear of employers
Giving life-time employment and such?
They're just doing these things to decoy us,
But the board wouldn't care for it much!

★

And as for the dubious morals
Of having a National Plan,
With a MITI to sort out the quarrels—
Let's just muddle along as we can!
And a Japanese banker refuses
To behave as he should, we have heard,
By putting the money to uses
Our fellows regard as absurd.

★

In Bradford, Detroit and Lusaka
There are puzzled executives who
Pray that they'll learn in Osaka,
To do it the way that we do.

Bertie Ramsbottom

NEXT WEEK: NEW FASHIONS IN MANAGEMENT

Business courses

Management Skills for Technical Managers, London. January 27-29. Fee: £375 (plus VAT). Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

The Arts and Sciences of Purchasing, Orpington. January 18-22. Fee: £380 (plus VAT). Details from Purchasing Economics Ltd., Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.

Office of the Future, Brussels. January 25-27. Details from Management Centre Europe, avenue des Arts 4, 1040 Brussels, Belgium

How Research can help Financial Organisations Communicate Internally and Externally, Rome. January 27-29. Fee: SwFr 960 members, SwFr 1125 non-members of the European Society for Opinion and Marketing Research and the European Financial Marketing Association. Details from ESOMAR Central Secretariat, Wamberg 37, 1083 CW Amsterdam, The Netherlands.

Using International Money Markets, London. February 8-9. Fee: £395 (plus VAT). Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Corporate Collapse and Recovery. Birmingham. January 20. Fee: £55 (plus VAT) members, £70 (plus VAT) non-members of the Society for Long Range Planning. Details from the Society for Long Range Planning, 15 Belgrave Square, London SW1X 8PU.

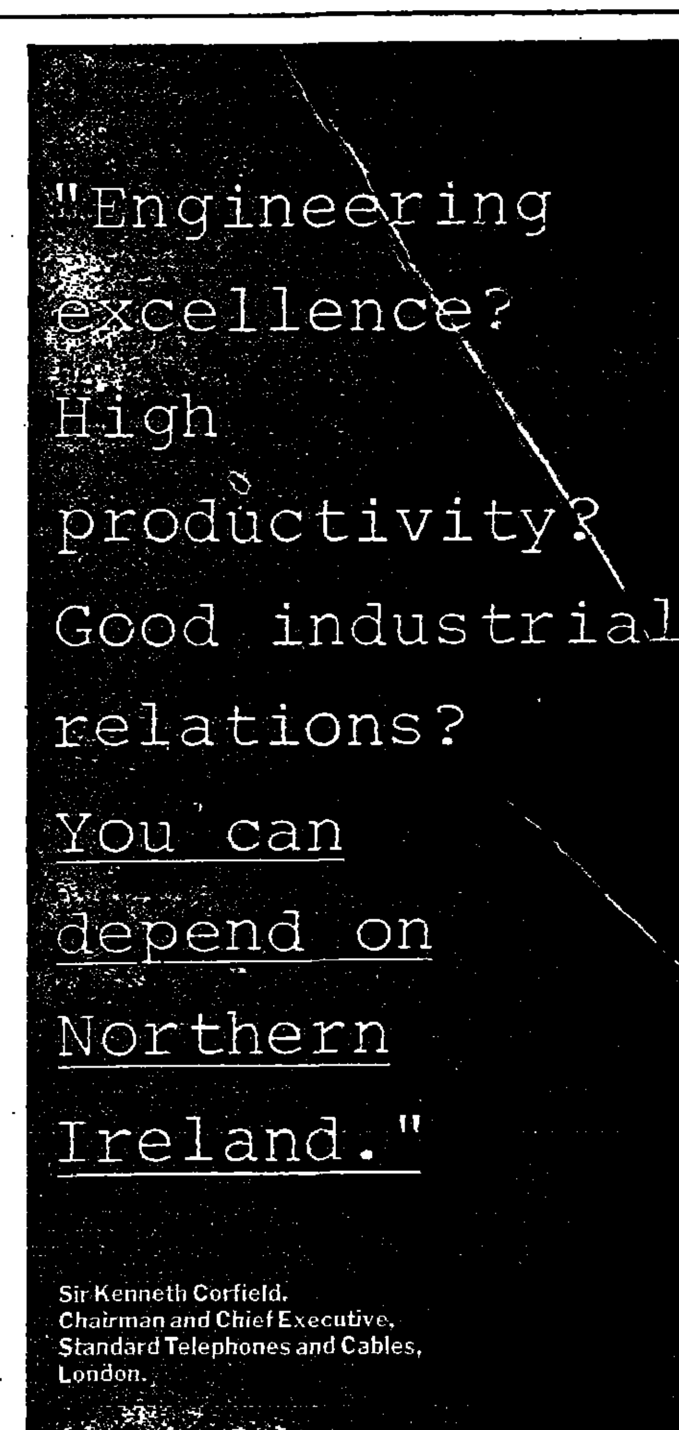
Office Automation: what does it mean and what do you do about it? London. February 25. Fee: £70 (plus VAT) members, £80 (plus VAT) non-members of the British Institute of Management. Details from British Institute of Management Foundation, Management House, Parker Street, London WC2 5PT.

Finance for the Non-Financial Executive, Slough. February 8-12. Fee: £345 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Energy Managers' Training Course, York. February 14-19. Fee: £385 (plus VAT). Details from Head of Conference Registration, British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

Coping with Conflict, Uxbridge. February 1-2. Fee: £180. Details from The Secretary, Brunel University, Uxbridge, Middlesex UB8 3PH.

Captive Insurance Companies—Establishment and Management, London. February 10-12. Fee: £325 (plus VAT). Details from Risk Research Group, Bridge House, 181 Queen Victoria Street, London EC4V 4DD.



Sir Kenneth Corfield, Chairman and Chief Executive, Standard Telephones and Cables, London.

	publication	country	readership
EUROPE			
INTERNATIONAL MANAGEMENT	monthly	Multinational	227,000
ACTUALIDAD ECONOMICA	weekly	Spain	224,000
ESPANSIONE	monthly	Italy	234,000
ESPANSIONE/HARVARD	quarterly	Italy	160,000
FAKTA	monthly	Finland	51,000
FARMAND	weekly	Norway	177,000
INDUSTRIEMAGAZIN	monthly	Germany	127,000
MANAGEMENT TODAY	monthly	UK	146,000
MÅNEDS BØRSEN	monthly	Denmark	123,000
VECKANS AFFÄRER	weekly	Sweden	277,000
	Total Audience		1,746,000
PACIFIC			
INTERNATIONAL MANAGEMENT	monthly	Multinational	274,000
AUSTRALIAN BUSINESS	alt. weeks	Australia	160,000
NIKKEI BUSINESS	alt. weeks	Japan	602,000
INTERNATIONAL INDUSTRIAL REPORT	monthly	China	1,230,000
	Total Audience		2,266,000
AFRICA/MIDDLE EAST			
INTERNATIONAL MANAGEMENT	monthly	Multinational in English	255,000
ALAM AL IDARAH	monthly	in Arabic	336,000
	Total Audience		591,000
LATIN AMERICA			
INTERNATIONAL MANAGEMENT	monthly	Multinational in Spanish	570,000
TOTAL NETWORK	Audience		5,173,000

THE ARTS

Cinema

Darling Lili

by NIGEL ANDREWS

Lili Marleen (AA) — Prince Charles
Light Years Away (AA) — Camden Plaza
Taxi Zum Klo — Screen on the Hill, ICA
So Fine (AA) — Warner West End and elsewhere

In *Lili Marleen* Rainer Werner Fassbinder, perhaps the cinema's greatest image-maker since Visconti, has built a *sturm und drang* romantic melodrama around the famous wartime song that hopped between frontiers during World War 2. Since the movie's Berlin opening last spring, European critics reared on the ancient untruth that cinema is a nursling of our literary heritage—the novel and the play—have swooped in wrath upon the screenplay, co-written by Fassbinder, Manfred Purzer and Joshua Sinclair, decrying its wayward dialogue, its "ambivalent" attitude to the Third Reich (to wit, it doesn't offer another glibly redundant *fulmination against A. Hitler and Co.*) and its wacky narrative shutlings betwene Hitchcockian suspense and doomed romanticism.

But ignore the brickbats. The greatness of *Lili Marleen* lies in its quality as a giant kinetic painting. The movie-image is the message, as Fassbinder charts the career of his heroine "Willy," played by Hanna Schygulla, the film's slinky-vamp approximation to real 1940s Teutonic songstress Lale Andersen who powered "Lili Marleen" to fame in war-torn Germany. (And later watched its sultry-lifting cadenzas move Westward to be taken over by Marlene Dietrich husky-throating it for the Allies).

Schygulla plays the rags-to-Reichstag warbler as a rose-cheeked siren whose climb-to-fame and later fall-from-grace follows the parabola of Germany itself. Plying her bitter-sweet song, Willy soars to the heights of Führer-favouritism, showered with furs and flowers and a sumptuous villa, and then watches her career slowly unravel thanks to an incautious romance with a Jewish composer (Giancarlo Giannini), the son of a Swiss-based anti-Nazi (Mel Ferrer) who is trafficking Jewish refugees across the German-Swiss border.

The film wraps this simple tale of love and country, worldly kudos and soul's corrosion, in a glorious explosion of line, colour and movie expressionism. In a pale early spectrum of golds and pinks and greys, only the blood-red of the ubiquitous swastika-flag stands out. But then slowly Fassbinder allows the colour to spread—into Schygulla's lips and sweater, into scarlet flowers strewn in the foreground of smoky cabarets or palatial Nazi offices. As the movie's close the colour cycle comes full circle. The garish hues drain away as Schygulla's career is broken on the wheel of Nazi tyranny, itself showing the first cracks of decay.

Other figurations of Fate loom forth in this richly-coded *Gotterdämmerung*. In the film's early chapters, the light of table-lamps and street-lamps is deliberately lens-diffused into cross-shapes so that, a frontier meeting between Schygulla and Giannini, forested with street-lights, becomes an eerie-luminous Calvary. But later Fassbinder's light-diffusions become five-pointed and diagonal, *changed to a stellar emblems* for our heroine's sudden *eclat* into stardom.

These signpost symbols for the mind's eye are only part of *Lili Marleen's* expressive splendour. Fassbinder makes every setting not just tell a story but virtually forge a myth: from the very splendour of the Art-Deco *Reichstheatre* where Willy gives her pinnacle-of-fame performances to the rain-sleeked streets where ratcouched resistance fighters scurry between the shadows. And if the panopoly of lush tracking-shots, making *Lili Marleen* a spider's web of arabesque and sinuous movement, pay homage to Fassbinder's directorial idols Sirk and Ophuls, there is also in the film the steely mischief and eyeblink apocalypse of Hitchcock. A scene of sudden-awakening reunion between Schygulla and Giannini (he understands her motives at last, she his) mimics—even to its studio-built grass-knoll, blue-rinse twilight and sudden balletic turnings of the head—the hilltop scene between Paul Newman and Julie Andrews in *Torn Curtain*.

Lili Marleen confronts an evil society by daring to look it in the eye and gaze on its gaudy, once-rampant charms. If the film's Nazi knees-ups seem perilously close at time to Mel Brooks, it's because we dare not think of the totemic villains of yesteryear — dummy-comforters for us in today's moral jungle—actually enjoying themselves. Like *Mephisto*, *Lili Marleen* shows us the human-all-too-*human face of Nazism*. But unlike *Mephisto*, a roundelay of hindsight outrage coaxed not always persuasively from the pages of its original novel, *Lili Marleen* is a film through-and-through; born from the medium and alive with its wonders.

*

Light Years Away, by contrast, is merely fidgety with *enigma*. *Swiss director Alain Tanner*—of *The Salamander and Jonas*—has taken British thespians Trevor Howard and Mick Ford to remotest rural Ireland to shoot a fable about a boy who mysteriously apprentices *himself* to a prophetic old codger. The codger is Howard, he lives in a car-dump and he is building, it eventuates, wings wherewith to fly.

Celtic twilights are on round-the-clock service in Tanner's pastoral - primordial Never-never-land. They limn an ageless bakcloth to the derelict cars stacked-up like old beetle-shards, the broken-down cottage in which Howard lives, the solitary rusty petrol-pump that Ford manfully mans. Occasionally the youngster is fed by the oldster, who hails froth with a chicken sandwich and a runic cry, lending his craggy, fissured face to much delphic dialogue and pregnant-pausing.

The film is a portentous parable of faith and discipleship that has little life or substance beneath the Celtic cloak of primeval opacity. John Boorman or Ken Russell, going all out for delirium and disequilibrium, might have fashioned a demonic *folie de grandeur*. But windblown romanticism shot through with the Swiss prosy-precision of

Hanna Schygulla in Lili Marleen

Tanner's style—compositions as flat and four-square as giant postcards—produces a cinematic curate's egg and an addled one at that.

*

All hail to the knockabout candours of Frank Ripploh's *Taxi Zum Klo* (lit trans *Taxi to the Loo*): a bristling, funny slice of sexual auto-biopic by a homosexual Berlin ex-teacher who has suddenly, on this movie's sole strength, catapulted to fame on the film festival circuit.

As I reported from Cannes it's a charabanc, or more accurately share-a-bang, tour of German gay life, with Ripploh himself as the hero, a bearded Don Quixote tilting at the windmills of anti-gay prejudice and gay conventionality. An inveterate "cruiser," he tussles with the monogamous domesticity of his lover (played by Ripploh's real-life consort Bernd Broaderup), tangles with the expected quota of amorous diseases, and tiffs with school officials who draw the line at teachers coming to class *en travestie*. *Taxi Zum Klo* is a cheerfully ramshackle package-tour of how-the-other-half-pleasures-itself and a lively blast for psycho-sexual sanity.

*

The only blast needed in Andrew Bergman's slapstick shipwreck *So Fine* is an early-warning siren encouraging filmgoers to avoid the cinema. Ryan O'Neal is the university professor who splits his trousers, patents see-through jeans and thereby saves his father Jack Warden's ailing clothing business. As a trousers-and-pratfall comedy, it makes Brian Rix seem like Ben Jonson.

Young Vic

John Mortimer's Casebook

by MICHAEL COVENEY

John Mortimer rests his case in the form of three short plays wrapped up in the device of a prison concert party, an exploitation of the audience participation (or alienation) technique only marginally less embarrassing than that practised by John Osborne in *A Sense of Detachment*. He gets away with it, just, on the grounds of his ingratiating charm as a deft stylist of dialogue.

The most substantial piece is *The Dock Brief* written in the year of Osborne (1956) and first performed in the year of Pinter (1958). An ageing barrister, Morganhall, has at last and by accident obtained a defence client, the hapless wife-murderer Fowle. These two studies in failure are put through a series of role-playing charades in the shadow of the hangman, only for the case to be dismissed because of the barrister's incompetence.

Admittedly, the charm of the play is now bordering on the quaint, but it is a real joy to see Nigel Hawthorne and John Alderton playing it for all it is worth, wringing true laughter and some pathos from their partnership in crime. On learning of Fowle's reprieve, Hawthorne reels backwards in a state of comically cataclysmic disbelief, gently patting Mr Alderton on the arm for his no doubt tactfully intended apprecation of dumb courtroom tactics. And Alderton's Welsh, bespectacled criminal discovers his true vocation as he warms to the task of impersonating his adversaries, the judge and the jury.

The Prince of Darkness was part of the *Heaven and Hell* double bill at Greenwich three years ago, later unsuccessfully extended for West End consumption. I am not sure that *the gay vicar jokes are either* funny or even usefully topical, but the central notion of religion with no place for sin is given a neatly atheistic beating. Alderton is the rector heavily committed to the inter-denominational gay front, Isabella Knight his perversely asexual wife and Hawthorne the demonic curate with a miraculous touch.

It is all cleverly directed by Denise Coffey and simply designed on a sloping thrust stage by Bernard Culshaw. The new curtain-raiser, *Interlude*, sets a breezily absurdist tone for this "look at the caring professions" with Alderton and Hawthorne spiritedly enacting a medical examination in the form of a nightmarish pantomime.

ICA

Slips

by ROSALIND CARNE

Lumiere and Son's latest creation is a bizarre and wonderful compilation of images out of *fairy tale, myth and individual* trauma. This is by no means all, and the company could be accused of incoherence were it not for the crisp discipline of their presentation. Writer David Gale and director Hilary Westlake will no doubt have a key to the labyrinth. But an *overriding virtue of the piece is* that it never quite explains itself. Almost frustrating, it is also intriguing. Humour arises at unlikely moments and there is nothing predictable here.

Students from the Wimbledon School of Art designed and made costumes and set, and their work is staggeringly good — comic, satiric, plush and *fanciful*. Composer Frank Millward has written a most evocative score, notable for its choric booms, electronic twangs and hurdy gurdy.

So much for praise; description proves a greater problem. A young woman in white meets the Queen, wins a free ticket to Latin America, *and there she* stays. Switch to dream sequence of exaggerated Victoriana. Tightly corseted women and starchy men knit mufflers with porcupine quills, and talk about steam ships, evolution and physiognomy in the clipped Latinate language of a constipated 19th century novel. *They* send their child, a doll, out into *the world on a penny farthing* bicycle upholstered in red velvet with curtain tassels.

Like Pinocchio, Dolly wants to be real. She meets a witch who turns into a posh lady, a bit like the Queen. Satyrs pursue her and expose her sexual nullity. She carries a *lion on her back* till he drops dead, but his magic ruby turns her into a real girl. After an encounter with a snow king, she drifts on to Toyland where she sells stolen lemonade and is courted by an extremely jerky policeman.

Back in Latin America, *snatches of the dream return* around Dolly/Mary's Christmas tree. Four friends arrive, nostalgic for England and open their disappointing presents: but Mary suffers the worst trick of all. The ending is a horribly familiar nightmare to the average paranoid. Despite some reservations about excessive esotericism and incoherence in part two, this is performance art of a high standard.

Festival Hall

The Nutcracker

Before the Christmas decorations finally came down on Twelfth Night, I felt impelled to look at that ancient bauble, *The Nutcracker*, as it hung at Waterloo. Nothing festive about its setting amid the glum and *ill-lit concrete pedestrian* areas that surround that cluster of dungeons we call the South Bank, but attractive performances from two Roman recruits to Festival Ballet, Renata Calderini and Maurizio Bellezza, last night.

The production itself looks more and more care-worn, and some of the performances that bang about the party scene in the first act have strayed from Mr Vincent Crummles's troupe, not least the over-size and over-active Fritz of Jean Louis Cabane, yet Miss Calderini and Mr Bellezza *play their roles* with such charm and innocence *that we can still believe in the* Hoffmannesque intrigue. Their dancing—in the short scene before the snowflakes descend, and in the final *grand pas de deux*—is appealing, but seems immature and insecure when big technical guns are needed.

Miss Calderini, though, has an adorable way with her dances; she is a beautiful girl with a beautiful smile, and she presents the Sugar Plum variation with sweetest grace and the prettiest airs.

Both artists look very young —a great advantage for these *roles*—and they engage our sympathies; their style is attractive, unfussed; what is now needed is that technical encouragement which will not take the bloom of youthful grace from their dancing.

CLEMENT CRISP

Milan opera—2

Vanitas and Variété

by MAX LOPPERT

From the recent repertoires of the major continental opera houses, *an obvious lesson is to* be drawn: those with large state or civic *subsidies* can afford to range more widely and *audaciously* than those without. La Scala (though its annual monies always arrive in some tantalising degree of tardiness and confusion) is, at least by Covent Garden standards, handsomely subsidised; and its *cartelloni* of recent seasons prove the point.

Premieres by Nono, Berio, and Stockhausen have been notable (and duly reported on this page); in the opening *month of the current season*, a smaller but no less pertinent example of Scala thinking came at the Piccola Scala, which staged a fascinating double bill of contemporary music theatre, of a kind none of our own opera houses *could dare* to contemplate at present—a world premiere by the Sicilian composer Salvatore Sciarrino (b 1947), and the Scala salute to mark the 50th birthday of Mauricio Kagel. At a performance in the middle of the run, played to a large and happily *attentive audience, it* appeared that the wages of adventurousness do not always have to be box-office death.

The first half was Sciarrino's *Vanitas*; and, at almost an hour's duration, it proved too long and too unvaried in its slow pace; but for much of the way I found the experience a compelling one. A self-declared *nature morte in music-theatre* form, it charges itself with unfolding a series of images at once visual, theatrical, and musical, images properly belonging to the world of *surrealism, and therefore* to the half-world of dreams given tangible expression.

A piano is inserted bodily into the front of the stage platform, its closed lid level with the stage floor, the orchestra pit entirely sealed. Pianist and cellist (seated above on the stage itself) sit in near-darkness, light falling on their hands *only, their business the tracery* of frail motivic fragments, much repeated and oddly memorable in their etiolated lyricism; while a singer uttering near-inaudible literary fragments in various languages) and a company of mimes enact the strikingly fluid tableaux that well up out of darkness—*a* moonlit window, a rose and its vase, *a large descending clock*, a doll gradually broken up, and so on.

In summary description it all sonds the very stuff of Pseud's Corner; and the dependence, as in so much avant-garde art, on the individual willingness of an audience-member to explore the private parts of the creator's psyche following only hints rathe than clear signposts, is ever a risky request. Yet for most of the course the feeling in the Piccala Scala audience was of patience, and often absorption, not inattention (something an Italian audience *advertises with much less reluc*tance than those of northern countries). *Certainly it seemed* to me the product of a hyper-refined, if inevitably rather limited, creative imagination, curiously vivid in its visions and delicate in their capture. The exquisite production and decors were by Pier'Alli; the players, musicians and mimes *alike, deserve the tribute of not* being named individually.

Dominic Gill wrote here at length about tagel after the London Sinfonietta birthday concert last month. As put on by the Scala, *Variété* (1976-77) was a more luxurious tribute—a delight, and, on *several* levels, something more. While the eight-man band (including accordian) sounds from the pit Kagel's bittersweet score, a compound of Satie, Stravinsky, candy floss, and some of the ripest *theatre-band* clichés in the book, a circus troupe and a *magician with his equipe go* through their paces.

Literally, *we* watched in enthralled succession clowns, snake-charmers, trapeze artists, and a *mago* (Silvan) who exerted, beyond the pleasures of his death-defying routines, a peculiarly sinister command over stage company *and* audience alike. What is this *concert-spectacle* "*about*"? Nothing and many things simultaneously: a bouquet of simple thrills simply presented; an image of popular theatre caught and distilled through the glass of a rare and particular theatrical mind: a huge joke played out in public, which yet left *behind the strangest after-glow* of private melancholy.

Elizabeth Hall

Brahms

by ANDREW CLEMENTS

With a programme of Russian song by Elena Obratsova at the Wigmore Hall last night *cancelled without notice* or explanation, a dash over to the *South Bank brought another* change of artist. An all-Argentinian line-up for an evening of Brahms should have included the mezzo-soprano Margarita Zimmermann; she was indisposed, and her place was taken by Linda Finnie. Miss Zimmermann's talents—she has *been a captivating* Covent Garden Cherubino in recent times —might have given this recital some sparkle; it proved a worthy, unsmiling affair, demonstrating that programmes which look balanced on paper sometimes turn out rather *differently*.

Miss Finnie's partners were the violist Tomas Tichauer and the pianist Alberto Portugheis, and the core of the concert was their accounts of Brahms' two viola sonatas. The performances, uncertain of tempo and occasionally of intonation, might have *been designed* to show that the works present themselves best in the original clarinet versions, never achieved a convincing parity, and passagework thrown off easily on the wind instrument became a distracting hurdle on the viola; there were *especial problems* when the solo line was low lying. Mr Portugheis' *subdued, sometimes* underpowered playing had not helped Miss Finnie's sombre, rather monochrome presentation of the *Four Serious Songs* Op. 121, and she gave a better impression of herself in the two songs Op. 91 with viola obbligato.

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F.T. CROSSWORD PUZZLE No. 4,766

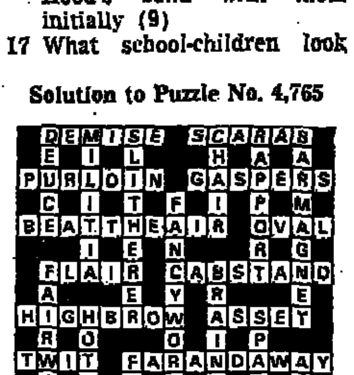
ACROSS

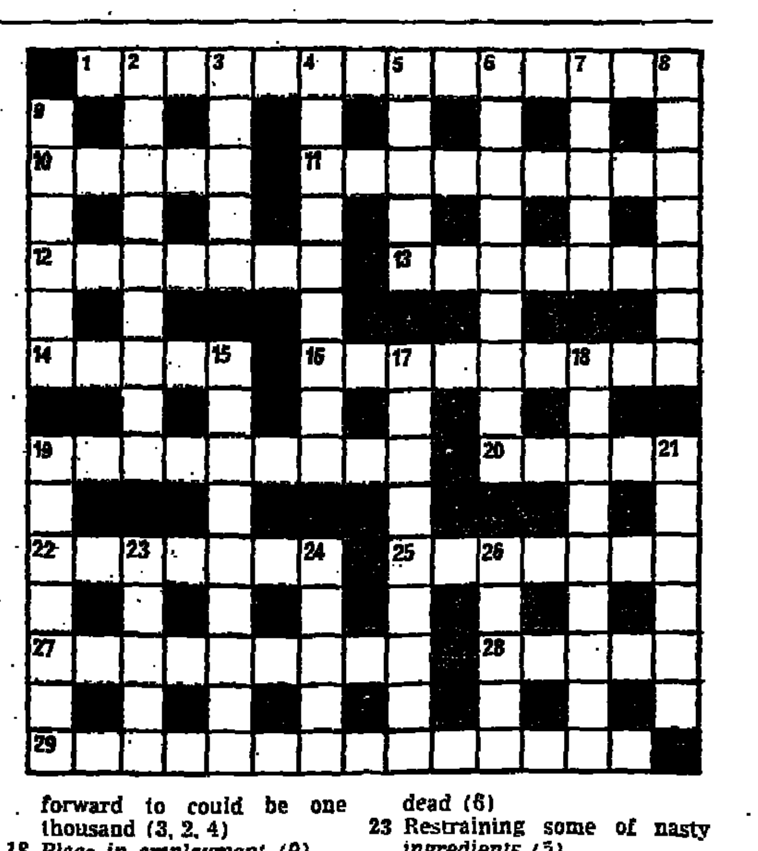
1 Bill may need Tom to do this (4, 3, 7)
10 Left part of church to fall from the faith (5)
11 A bird with a beak having the end pointing upwards (5-4)
12 In this manner religious ceremonies become syllogistic argument (7)
13 Spotted cleric holding fruit (7)
14 Unit of the Marines? (5)
16 Supply too much on account of children (9)
19 Flag in front of chief Scottish seaport (9)
20 One more former art returned (5)
22 No slim guide-leader needs a trifle (7)
25 Pigeon fancier to follow (7)
27 Travel around, but at home in repeat (9)
28 The third string of the lyre is worn out (5)
29 Beethoven and Mahler completed theirs, but Schubert didn't (6, 8)

DOWN

2 Defective and tense (9)
3 Soldiers get around to salute (5)
4 Grave indication of a leader's mood (9)
5 String of a musical instrument that was lost (5)
6 Raise pack at random and *demand payment* (3, 1, 5)
7 A net work to interrogate (5)
8 Without issue to accommodate in a big spot (7)
9 Lose a little weight outside a little room (6)
15 Gaiety? Sounds like Robin Hood's band with them initially (9)
17 What school-children look forward to could be one thousand (3, 2, 4)
18 Place in employment (9)
19 Hanging birds on French island (7)
21 Joined everything that is dead (6)
23 Restraining some of nasty ingredients (5)
24 A drink for a bad conductor (5)
26 Nick is not with church (5)

Solution to Puzzle No. 4,765





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Friday January 8 1982

Lucid case for doing nothing

THOSE WHO are used to wrestling with tax forms and official regulations are in for a pleasant surprise if they decide to read the Government's new Green Paper on corporation tax: it is admirably organised and beautifully clear. Anyone wanting to get a grasp of most of the issues involved (but not quite all, as we will see) need look no further. This is an unusual merit in a government paper and deserves a bouquet before any less favourable comments are offered. Unfortunately, they are needed.

The present system of corporation tax for which the Government, rather surprisingly, claims the merit of simplicity, is the product of many years of emergency patching up. As might be expected from a series of debatable compromises erected on a basis of messy principles, it is a ramshackle structure. It is heavily biased in favour of manufacturing industry—as the Green Paper shows, the tax burden on manufacturing under the present system is some 70 per cent less than it would be on a basis of current cost accounting—and especially in favour of investment in plant and in stocks.

Alternatives

It also yields very little revenue. Mainstream corporation tax, apart from the North Sea, provides only about 2 per cent of government revenues. (The Green Paper inflates this figure by adding in advance corporation tax, which is simply wrong. ACT, whatever its name, is simply part of personal taxation.)

The case for reform might therefore seem overwhelming; but the Green Paper, while it reaches no set conclusions, examines all the alternatives it has chosen to review with a jaundiced eye. Current cost accounting is regarded, with some justice, as too subjective to offer a basis for taxation. The legal battles which might result would benefit nobody, except the lawyers.

Other, less subjective forms of inflation accounting are examined with the Treasury's usual suspicion of indexation. More radical ideas, such as the Meade committee's proposal to tax companies on the basis of their external cash flow, whether denominated as income or capital, are seen as presenting insoluble boundary problems with an unreformed system of personal taxation.

This argument, which can be summed up in that well known bureaucratic slogan, "this is not within my terms of reference," is one of the two fundamental arguments for a standstill in the paper. The other is summed up in a brief and uncharacteristically illogical passage which argues, first, that it is undesirable in principle to protect taxpayers against inflation in case they learn to love it, and, second, that in hard cases they have to be protected anyway. Hence we have capital allowances and stock relief instead of inflation accounting, and Rooker-Wise in place of tax indexation—and indexed government debt dries up as soon as it proves successful.

Difficulties

Our own conclusion from these two difficulties—equity between individual and corporate taxpayers, and distortions arising from inflation—would be radically different. The first is that if a logical corporate tax system clashes with existing personal tax, we need a wider review.

The second is that the Government does not seem to understand the difference between protection and distortion. No system can protect taxpayers from inflation; but when the existing system diverts resources into excessive investment in stocks, plant and owner-occupation, and then produces exaggerated agony when trends turn adverse, we are suffering self-inflicted wounds. The case against logical reform is not well founded.

Two issues

Two further comments seem in order at this early stage. First, it is a sad reflection on a decade of effort that we have a system of inflation accounting which produces only subjective figures. The Treasury, which left the Sandilands committee in no doubt of its own deep dread of indexation, must share the blame. Finally, a comprehensive review would surely give more space to two issues—European harmonisation, and the taxation of capital gains—which are passed by with scarcely an embarrassed nod. Elegant, but inadequate.

The Spanish conundrum

BRITAIN and Spain today make yet another attempt at removing one of the absurdities of Western Europe, the locked iron gates barring the narrow strip of land between Gibraltar and the Spanish mainland.

It is Spain that has kept them locked since 1969 in support of its claim that Gibraltar, ceded to Britain in 1704, should once more be Spanish. If Sr Leopoldo Calvo Sotelo, the Spanish Prime Minister, in his talks with Mrs Margaret Thatcher at Downing Street, agrees to re-open the gates, he will be hoping for compensation in two very different fields: some British concessions on Gibraltar, where he is under strong pressure from his own unruly nationalists; and British backing in the bogged down talks for Spanish membership of the EEC.

Democracy

As long ago as last April Britain agreed that, once the gates are open, it was ready to discuss all aspects of the future of Gibraltar. Implicitly that includes the future status of the Rock. But Britain has given a firm undertaking not to change that status against the wishes of Gibraltarians. That is an undertaking Britain is in honour bound to obey.

Spain could help its own standing among Gibraltarians by restoring contact with the Rock and by demonstrating that its young democracy has the stamina to survive the repeated challenges from admirers of General Franco.

Sr Calvo Sotelo has been discussing the prospects of his application for membership in the EEC in Brussels this week, and will do so again with Mrs Thatcher. He hopes for a more sympathetic ear than he might get in Paris, Rome or Athens where the competition of Spanish fruit, wine, early vegetables and, above all, olive oil is feared.

Obligation

General lip service has been rendered to the idea that Spain should become a member on January 1, 1984. But no progress of any substance has been made. The Ten are sufficiently disagreed about how to tackle their existing problems without wishing to add those raised by Spanish membership.

France has let it be known that the current argument about how to restructure the Community budget and about possible reform of the Common Agricultural Policy must be resolved at least in outline before progress can be made with Spain. That recognises the practical difficulties in the way of what in purely political terms is desirable.

The Ten are under some obligation to involve Madrid in their discussions. It would be useful to ensure that Spain is promptly informed about the progress the Community is making with its internal problems. The Community should, wherever appropriate, take account of the Spanish point of view.

Spain, too, has been obdurate during the initial sparring. The discrepancy between high Spanish and lower EEC tariffs is sufficient to have reduced the value of the existing preferential trade agreement. The Spanish negotiators have shown little willingness to recognise that, nor have they given ground to Community demands that, from the day of accession, administrative and tax barriers to EEC industrial goods disappear.

Within Spain itself the business establishment has been having second thoughts about the EEC. Initial enthusiasm has given way to a more protectionist view. It is the democratic parties that are pushing hardest for membership, hoping thereby to improve the standing of democracy among the Spanish people.

Problems

It is here that the cases converge for trying to accommodate Spain as far as reasonable over both Gibraltar and the EEC. The Ten do have an interest in strengthening Spanish democracy. A similar case was made out for Greek membership.

But there is no denying that the Community is in particularly poor condition to digest a new member. Greece, admittedly more volatile and less developed than Spain, has proved awkward enough.

If the Community is not to be drawn into an unending succession of problems requiring first aid, it must make a firm effort to put its own house in order. Only a firmly based Community will be in a position to cope with the manifold problems of enlargement.

CORPORATION TAX

The £4.5bn patchwork

By Barry Riley and David Freud

THE AVERAGE British finance director will be scouring yesterday's Green Paper on corporation tax for some signs that relief of at least part of his company's tax burden is in sight. He is going to be disappointed.

The 154-page document is neutral not only in its analysis, but it is also designed entirely on a so-called revenue neutral basis. That is, the Government may be willing to shift the impact of tax to some extent, but is not prepared to see any reduction in the overall corporation tax take, at present some £4.5bn.

The last comprehensive reform of the company tax system was less than a decade ago. Yet the criticisms have been so widespread and the shortcomings so self-evident that the Government has felt it necessary to go back to scratch. Yesterday's Green Paper on corporation tax examines every conceivable option afresh.

There are a number of reasons why companies are dissatisfied with the present system.

● It does not allow in any consistent sense for inflation. In particular, financial companies find themselves being taxed on illusory profits.

● Allowances against taxation are generous, but often cannot be used. The current overhang of tax losses is £30bn and is rising at the rate of £5bn a year.

● The system promotes artificial schemes to avoid tax, especially through leasing, which is used as a means to transfer investment incentives.

● Widespread "tax exhaustion" means that the system is not working as it was designed. In particular, the payment of dividends often incurs a tax penalty.

In the last decade there have been at least two periods in which untenable tax demands from the Government have threatened to create serious financial problems—and each time the Government of the day had to hurry through ad hoc legislation to avert the blow.

It was only as recently as 1965 that a separate corporation tax was introduced in the UK. Until then income tax was charged on the earnings of companies and unincorporated businesses alike, although there was a separate "profits tax" introduced in 1937, originally to finance rearmament.

The Labour Government's 1965 legislation set up corporation tax on the basis of the classical system (see box). This was heavily criticised because of its inherent bias against paying dividends. It became tax-efficient to reinvest funds in a company even though there were better investment opportunities outside. It also encouraged excessive borrowing rather than equity funding, because of the tax relief on interest paid.

In 1973, the Conservatives introduced the present partial imputation system. Under this dividends carry a tax credit available to individual shareholders. The amount of double taxation of company profits was considerably reduced. There were big adjustments in the capital markets as the relative attraction of equity finance grew and as it became cheaper to pay dividends.

Complaints from companies have built up, however, since 1973 over the way in which the system has made UK earnings more attractive than overseas earnings—because foreign taxes cannot be offset against Advance Corporation Tax. There have been several instances of companies with high overseas earnings taking over UK concerns simply for this tax reason.

But these criticisms pale into insignificance against the ravages caused by inflation. It is all very well to tax nominal historic cost profits at 52 per cent rate in a non-inflationary climate. When inflation is running at between 10 and 30 per cent, much of the historic cost profit is illusory.

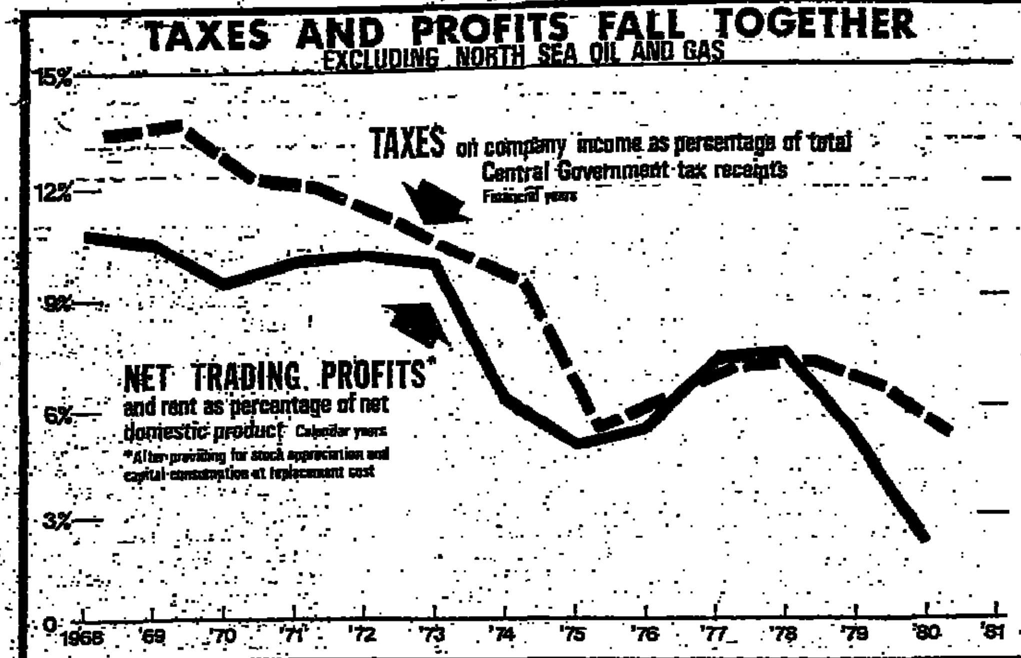
Over the years the authorities have reacted to this problem by making a series of ad hoc adjustments to reduce tax bills. And in the process they have shifted the tax base far from reported pre-tax profits.

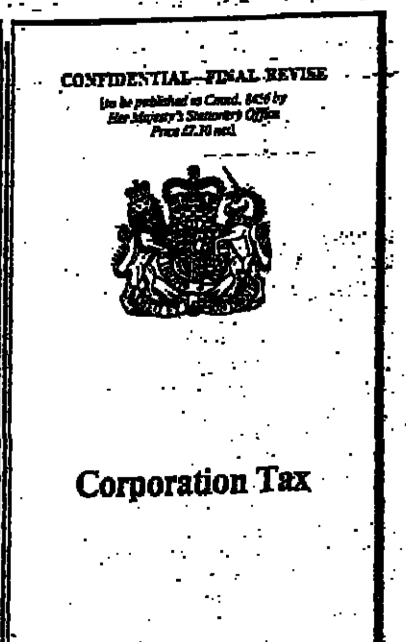
The two most important adjustments have been capital allowances and stock relief.

Notionally capital allowances are intended as an incentive for capital investment. Any concern which spends money on a piece of capital equipment can set the full amount against its income for tax purposes, even though the depreciation for a single year charged in the commercial accounts would be only a fraction.

In practice, the availability of 100 per cent first-year capital allowances has been used not just as an investment incentive but also as a rough-and-ready adjustment for inflation. When prices are rising, historical cost depreciation is inadequate to finance the replacement of assets.

The second adjuster, stock relief, has had a far less easy ride. It was announced in something near panic in 1974, when the company sector was going through a liquidity crisis and was facing huge tax bills on inflationary stock profits.





Martyn Barnes

THREE WAYS TO TAX COMPANIES

Classical system: Companies pay tax at a fixed rate on their taxable profits, whether distributed or not. Shareholders are taxed separately on the dividend, so shareholders are effectively taxed twice. The U.S. and the Netherlands have this system.

Partial imputation system: Companies pay tax at a fixed rate on all taxable profits, whether distributed or not. When a company pays a dividend, a tax credit is available to the shareholder, in practice at a rate below that of corporation tax. France, the UK, Canada and Italy use this system. In the UK and France the shareholders' liability is settled by the company through Advance Corporation Tax or precompte.

Full imputation system (two-rate): Applied in West Germany, where the tax rate on retained profits is 56 per cent and on distributed profits 36 per cent, with an additional withholding tax of 25 per cent of dividends.

The "temporary" stock relief allowed companies to subtract from their taxable profits the bulk of the difference between opening and closing stocks in a year.

This system was a key reason for the dramatic drop in tax paid by companies through the latter part of the 1970s. It was open to considerable abuse, since companies could manipulate their stock levels to reduce their tax bills.

The recession brought to light another shortcoming of the system. In the last couple of years companies have been forced to implement heavy cuts in their levels of stocks. This threatened to bring into effect huge tax demands through "clawback" of the relief already given, and a year ago the Government had to hurry through a reform to prevent industry from ruinous tax demands.

So what we have now is a patched-up corporation tax system. If the Inland Revenue wanted to change over to a coherent system which allowed proper adjustments for inflation the only one readily available would be current cost accounting, already embodied in the accounting standard SSAP 16. A large part of the Green Paper is devoted to an analysis of the strengths and weaknesses of CCA.

Some of the Inland Revenue's objections to CCA are already well known. The consultative document on stock relief published in November 1980 made it clear that the SSAP 16 cost of sales adjustment would not be a practical basis for tax relief, because of the wide variety of price indices used. "It would introduce an unacceptable degree of subjectivity into the calculation of tax," said the Revenue at that time.

The present Green Paper is more thorough and less dismissive, but it is almost as discouraging to those in the accountancy profession who would like to see CCA given a more central role in tax assessment.

This Green Paper deals not only with stock relief—or the cost of sales adjustment in CCA terms — but examines two further subjects, the CCA depreciation charge and the whole question of monetary items such as trade debtors and creditors, and bank deposits or loans.

The adoption of a CCA depreciation charge would, as with the cost of sales adjustment, raise the problem of multiple indices and subjective judgments which the tax men find hard to handle. Whatever the distortions caused by the present system of 100 per cent capital allowances, it has at least made life gloriously simple.

However, other countries have special rules for depreciation allowable for tax purposes, and the Revenue would be able to lay down schedules of asset lives for various categories of assets.

Much more fundamental issues are posed by the two-tier monetary provisions of SSAP 16—the monetary working capital adjustment which is designed to allow for the impact of changing prices on the level of working capital, and the overall gearing adjustment which is designed to allow for the effect of inflation on the real value of borrowings.

For many years the Treasury and the Revenue were strongly opposed to any question of the indexing of accounts to allow for general inflation. In the early 1970s the accountancy profession was prevailed on to withdraw its so-called current purchasing power system of inflation accounting. Then in 1975 the Sandilands Committee promoted a system of current cost accounting which used specific rather than general indices and did not deal with the impact of inflation on monetary items at all.

Subsequently the accountancy profession decided that any system which ignored monetary items would be a nonsense, and the Inland Revenue does not appear to dispute this view.

However, the Revenue now raises the objection that to introduce indexation of monetary items in the business sector would be inequitable when similar relief was not available to persons. This could produce practical problems at the margin, where self-employed persons may have the choice of trading either as incorporated or unincorporated businesses.

So a relief of company tax burdens is not in sight here, nor on the question of ACT payable on dividend.

As for the overhang of tax losses, far from companies being offered a way of realising these, they are threatened with an extension of the six year cut-off applied last year to stock relief.

In 1979 Sir Geoffrey Howe, the Chancellor, said that it was important that the tax system should reflect the effects of inflation in a way that was "reasonably objective," equitable and simpler to administer." But the new Green Paper is deliberately neutral in tone and does not attempt to set out any very clear path to a more rational system.

The Chancellor made it clear yesterday that the Government would not wish to make major tax changes unless full consultation led to a clear consensus in favour of the change. But the Green Paper is at its most lucid in indicating how the different systems would shift the burden of taxation to different sectors, so a united front may prove difficult to form.

Certainly the Government has no intention of changing from the present imputation system. Such a change "would require the most compelling arguments" says the Green Paper, adding: "The Government has seen no such arguments put forward."

The conclusion must be that if industry and commerce want significant changes either to obtain ACT relief or to allow more accurately for inflation they will have to lobby very aggressively during the period up to September, by which time comments are requested.

EFFECTIVE RATE OF UK TAX* ON COMPANY INCOME

Percentage figures, average 1976-80

Home and industrial and commercial companies†	Historical cost basis	Current cost basis SSAP 16
Total corporation tax	25	65
Excluding ACT	15	40
Financial companies		
Total corporation tax	30	40
Excluding ACT	25	30

* Corporation tax before deducting double taxation relief (i.e. excluding overseas tax suffered in excess of such relief) plus income tax deducted from investment income, less corporation tax on capital gains. † Excludes those trading mainly overseas and in North Sea oil and gas.

Men & Matters

Sterling service

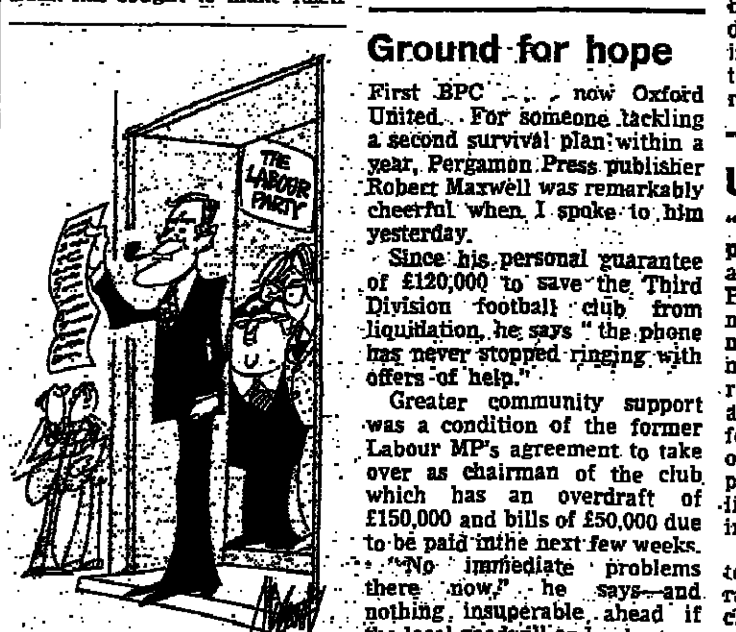
The Bank of England still maintains three grades of loo for different types of worker, and mounts a guard of pink-coated doormen—one has an Admiral Nelson hat and a cloak adorned with peacock feathers—to keep undesirables from its portals.

But if the Old Lady has become any less stuffy over the last few years, at least some of the credit can be taken by Brian Quinn, a 45-year-old soft-spoken Glaswegian who took charge of the Bank's information department in 1977 and is now moving to a new job keeping tabs on commercial banks.

The first man to have Quinn's job, just after the war, was told "to keep the Bank out of the Press, and the Press out of the Bank." Since the sterling crisis of 1976—which was partly blamed on bad public relations in Threadneedle Street — the Bank has sought to make itself more accessible, though it still frowns on journalists ringing up officials for background comment, and has a general aversion to being quoted on anything save perhaps the most anodyne statement on tap-stocks.

Quinn, whose passion for Celtic injects the odd footballing metaphor into his dissertations on the money supply, will soon be assisting Peter Cooke, head of banking supervision. He takes over the job on March 1. His gentle brogue is likely to come in useful for dealing with the Royal Bank of Scotland—whoever its new owners turn out to be.

The Bank, says Quinn, is devoting more resources to banking supervision. This applies not only to international exposure—Poland, Brazil, Opec and so forth—but also at home, where financial institutions are starting to operate in what have traditionally been banking areas.



"I didn't realise that his 'Peace In Our Time' paper had so many conditions!"

Ground for hope

First BPC . . . now Oxford United. For someone tackling a second survival plan within a year, Pergamon Press publisher Robert Maxwell was remarkably cheerful when I spoke to him yesterday.

Since his personal guarantee of £120,000 to save the Third Division football club from liquidation, he says "the phone has never stopped ringing with offers of help."

Greater community support was a condition of the former Labour MP's agreement to take over as chairman of the club which has an overdraft of £150,000 and bills of £50,000 due to be paid inthe next few weeks.

"No immediate problems there now," he says—and nothing insuperable ahead if the local goodwill and voluntary energies can be harnessed to the tough business lines on which he says the club will be run.

Maxwell, who lists his own recreations as chess and mountain-climbing, will leave the football to manager Ian Greaves. "Promotion to the Second Division is what we want."

While the team strives for that target, Maxwell intends to continue talks with the local council about a new stadium. "Good progress so far," he reports.

He will promote the club's once highly-profitable lottery. "I got plenty of experience in that sort of thing raising funds for the Labour Party," he says.

And he will try to recapture the family audience being lost to soccer generally because of hooliganism and violence. A section of the ground will be reserved for families, he says, and ways of adding to the afternoon's enthertainment will be considered.

"No-one buys shares in a football club as an investment these days," Maxwell reflects. "But if the whole city takes an interest, it could gain great rewards."

Unfair exchange

"You're never alone with a phone." Just my suggestion for an advertising slogan which the Portugese telephone authorities might like to employ to entice more people on to their chaotic network. "Try to dial an office," reports my man with the aspirin and sore index finger, "and before you have got through three of the six digits, you may be plugged into the sort of party line which would deter the most irrepressible reveller."

My exhausted correspondent tells of trying to hang up after rashly—phoning the speaking clock. Not only would the clock not go away, but it was joined by a voice claiming that the number which had been dialled was disconnected, a weather report, and of six cross people crossing wires in the same heap of telephonic spaghetti. And when conditions are particularly favourable, I gather, you even stand a chance of picking up the radio news and sport as well.

You can hang up as often as you like—your faceless friends will still be there when you pick up the receiver once more. So what then? With a bit of luck, you borrow somebody else's phone to report that your own is out of order. After no more than an hour or so, you may get through to complaints —assuming the commandeered line does not yield to the same sort of mating urge which afflicts your own. Complaints, needless to say, is engaged or just not answering at all.

The reason for all this is, apparently, the heavy rains which have poured down upon the country after a year-long drought. For the farmers, the downpours are salvation from ruin. Less happy the urban populace—except, I suspect, the lonely hearts, who are probably rather enjoying themselves.

Dangerous age

I regretted some time ago in these columns the demise of "Dark Horse," the house magazine of Lloyds Bank which won itself a place in history with a definitive study of paper-clip usage in office situations.

I only wish I had paid equal attention to its classified advertising columns, if a clipping sent to me by Mr R. Uearce of Birmingham is at all representative of the general tenor.

The advertisement, under the "Wanted" heading, reads "Potential managers are required for City bank. Persons between 25 and 30 with 40 years' experience. Box XXX."

Merlin?

Observer

FRENCH INDUSTRIAL POLICY

'I am doing with nationalisation what de Gaulle did for nuclear defence. I am giving France its economic strike force'

—PRESIDENT MITTERRAND

'This is the first time I have seen an economy that was working extremely well being systematically dismantled. It's a textbook example of fixing something that was not broken'

—AMERICAN BUSINESSMAN

THE TWO kinds of economic thinking summarised in these statements lie at the heart of the debate that is currently raging in France over the new industrial policy being ushered in by the Socialists. On the Left stands the interventionist camp clustered around President Mitterrand, firmly convinced that the guiding hand of the state is needed to propel the country into a new age of full employment, high technology and increased leisure. On the Right are massed the so-called liberals, preaching the virtues of the market system, French specialisation and industry whose hands are free to respond to the dictates of international competition.

The question the Socialists have to answer with their new industrial policy is essentially the one posed by the American businessman: why redesign an economic system that is in good working order, that has carried France through the oil price crisis better than most of its rivals, and that has established the country as the world's fourth or fifth ranking exporter?

The Government's response to these objections is best summed up by M Alain Boublil, a bubbling 36-year-old guru on industrial policy who is now firmly esconced in a wing of the Elysee Palace. M Boublil does not deny the achievements of French industry under conservative governments over the last 20 years. But he argues that it has missed a crucial turning point that can best be remedied by state intervention.

M Boublin's analysis is based on what he regards as a vital change in the trading environment in the mid-1970s. At that time, he says, two important phenomena emerged. First, the internationalisation of trade unleashed in the 1960s reached a reasonable degree of maturity, imposing fresh competitive standards; secondly, the electronics revolution began to make a deep impact, putting a premium on new technology across the full range of industry.

The combination of these two factors, he argues, meant a shift from an economy led by demand to one in which costs and quality have become all-important. To this extent, he says, the French Socialists are "*supply siders.*" They intend to lean on investment as the lever through which to stimulate both structural change in industry and the latent demand for competitive products.

"Ten years ago, all you had to do was to build a factory and the demand was there. Today, you have to supply at the right price. This is what the Japanese have realised."

According to the Socialists, the weaknesses of the last Government's policies showed up in two particular areas—the dramatic rise in unemployment (now standing at 2m), and the steadily deteriorating terms in France's trade. Indeed, far from ignoring the issue of competitiveness, as their opponents sometimes claim, Socialist planners are alarmed by the signs that French industry is marking time. They point accusingly to the gradual increase in foreign penetration of the domestic market, and the consistent failure of French companies to increase exports to sophisticated industrial countries. This trend is seen as tangible evidence of a steady stagnation in product quality and competitive prices.

The key to breaking this circle, they say, is not to cut and trim like the last Government. What is needed is a more positive response to develop new products, modernise production methods, develop better machine tools and so on. Hence the enormous boost that is being given to the research budget (rising this year by about 30 per cent), and to funds for industrial investment and training.

Investment is the central element in this process because it is here, the Socialists claim, that industry has failed France over the last few years. According to Government figures, French private companies have cut their spending by an average of about 1 per cent a year in the four years to 1980; expenditure went up in only one year —1980—and then dropped savagely again in 1981 by 11.5 per cent.

This fall in investment, says M Boublil, explains the failure of French industry to adapt as quickly to technological change as its main industrial rivals in the U.S. and Japan. Both of these countries created more jobs, totally and proportionally, in the latter half of the 1970s—12m in the U.S., and 3.3m in Japan, against only 500,000 in France.

FOREIGN PENETRATION OF FRENCH MARKET

in percentages

	1970	1975	1981
Semi-manufactured goods	21.9	22.3	28.8
Household goods	27.5	38.2	51.7
Capital goods	25.0	26.1	37.3
Transport equipment	18.5	22.2	29.3
Industrial products	17.4	20.5	28.7

Source: National Statistics Office

But, the American businessman might respond, what about the former Government's attempts to make French industry more internationally competitive? What about the special plans for encouraging new industries like robotics, office equipment and microchips, to say nothing of the space programme, the telecommunications industry, the TGV high speed train and the electronic telephone directory? By contrast with this activity, the Socialists seem to be driving towards a job preserving system in which nationalisation is a talisman serving nothing but party dogma.

M Boublil has two main answers to this line of criticism. First, he says, nationalisation will reinforce the positive elements in the previous Government's programme. The French industries which impress foreigners, he argues, are invariably those, such as telecommunications and nuclear power, that are already run by the state.

Through nationalisation the same principle is now to be applied over a wider area of industry. The banks, accused of progressively siphoning more of their funds into non-productive, low-risk areas like property, will be asked to mobilise this idle capital to get the wheels of industry turning; and the big industrial companies being taken into the state sector will be encouraged to take a less cautious attitude to new technology.

As a result, the Government should be able to ensure that France plunges further and faster into the technological revolution in strategic areas like consumer and industrial electronics (where 42 per cent of the country's economy will be in state hands).

M Boublil's second point underlines a radical change in official thinking about the traditional industries—the sectors that the last Government was determined to shake up, even at the cost of exacerbating unemployment. The old policy of hyper-specialisation, aimed at concentrating resources on chosen "new" technologies, while forcing the traditional industries to rationalise and reform themselves, has been thrown out lock, stock and barrel. There are to be no "condemned sectors" in Socialist France.

"Take the French shoe industry, for example," says M Boublil. "You can make shoes in old factories, using out-of-date machines and traditional methods. Or you can use computer design, advanced numerically controlled machines and modern methods. If you do the latter, you can be competitive in France."

The danger of this approach is that resources could be poured into hopelessly doomed companies purely to save jobs. But the Socialists base their policy on a broader view of industrial change than that which tended to be projected by the last Government. Technology, they say, is a tool which is applicable everywhere, not only in the so-called advanced sectors. It is only through additional investment in these decaying industries that they can be hauled up to internationally competitive levels.

This policy shift lies behind the recent flurry of interventions launched by the Industry Ministry to reconquer the domestic market in the leather industry, wood-based manufacturing, toys and machine tools.

More of these projects will undoubtedly follow, based on a variety of new instruments to stimulate growth. On the demand side there will be new public buying programmes and attempts to persuade French companies to buy from domestic suppliers. On the supply side, cheap investment funds, often linked to developing the work force, are being set aside, while rsearch spending is being stepped up.

The clear element of nationalistic—even Gaullist—tub thumping in these projects has inevitably attracted suspicion from France's trading partners. Indeed, the Socialists make no bones about the fact that they are no longer going to play the "liberal" game unconditionally. They are not aiming to put up trade barriers. But they totally reject the type of de-industrialisation that has gone on in Britain over the past few years by leaving industry to fend for itself in an unfavourable climate.

The policy implies, however, an enormous gamble: will the Government be able to get the necessary investment to reduce unemployment at a rate that is acceptable to its supporters?

Socialist planners say that between FFr 25bn and FFr 40bn a year (a little under half of this year's planned budget deficit) needs to be injected into investment, research and training over the next five years to achieve their aims. But since the elections, private industry has sunk into a mood of sulky obstruction in response to the Government's labour-oriented policies and new taxes.

This passive resistance from much of the French backwoods *patronat* is one of the reasons why the Government is so anxious to push through the Nationalisation Bill as quickly as possible.

It needs to start investment rolling in the new state companies by the spring in order to maintain the growth in the economy which started with the injection of new buying power last summer. If it can create this dynamic current, private industry will join it, exports will be carried along by the next upswing in the world economy, and President Mitterrand can coast home for his seven-year term.

The reverse of this optimistic scenario is the kind of economic Armageddon imagined by the American businessman.

"I believe that the Government may well fail to take sufficient account of the enormous competitive pressures in international markets as it tries to reorganise industry. Instead of going down, unemployment could go up, the Government will be forced to do things that are diseconomic, and the competitivity of French companies will drop sharply. And then there will be no way out; the barriers will have to go up all around the country." Either way, French industry is heading into exciting new territory.

By Terry Dodsworth in Paris

Lombard

The Alliance after the honeymoon

By Peter Riddell

THE SIX-MONTH honeymoon of the Social Democrat/Liberal Alliance is now over, and not before time. The surprising point about the recent squabbling over the allocation of parliamentary seats is not that it should have occurred but that it has taken so long to come out into the open. Behind all the bluster and yesterday's suspicious reconciliation there are fundamental questions about the nature of the Alliance and about the approach to power of the two partners.

The Alliance itself is not in question. As Mr Leon Brittan, one of the recent band of gleeful Cassandras from the other major parties, has pointed out, "the lure of electoral success will prove too strong for the partners to dispense with each other's services." More significant, though contentious, is Mr Brittan's point about whether the episode represents "not some temporary phase in the formation of a new credible centre force but rather a clash of two distinct and incompatible traditions, philosophies and parties."

The two parties are distinctively different in origin and structure but it is far too early to say whether this will make them incompatible over the long term. Indeed, a central irony is that, if the Alliance succeeds in winning power and enacting proportional representation, the two partners will be able to co-exist in friendly rivalry with neither side feeling elbowed out by the other.

The snag is that both partners have their eyes on the same group of seats. The Liberals are determined to fight the 50 or 60 seats where they came second in the May 1979 election and have strong local organisations and roots. And SDP psephological experts believe that past Liberal success, notably in the February 1974 election, is the best guide to winnable seats for the Alliance. Therefore, under the terms of the national guidelines on allocation of seats, the SDP argues that it is entitled to its fair share of the ones where the Liberals have done well in the past.

This clash is at the heart of the recent row and highlights the differences between the parties. The Liberal Party has been, and is, a loose federation of semi-autonomous local parties, generally prizing their independence. They have gained ground against the two major parties only after lengthy hard work. They have often required a by-election to capitalise on this effort and get someone elected to Parliament (over half their present MPs). These parties are reluctant to surrender hard-won ground.

The SDP looks at politics more from a national context and has a more centralised organisation, at least until its constitution is sorted out in the spring. The heart of the SDP is a group of ex-Labour MPs and activists who are sceptical about the electoral importance of local influences and organisations. They believe the SDP is what gives the Alliance credibility and that it will be national trends, rather than previous local work, which will ensure electoral success. The SDP, therefore, wants its share of winnable seats.

The dispute could be easily resolved if the Alliance was certain of winning 250 plus seats after the next election. There would then be plenty of winnable constituencies — say around London and in the Midlands—which have previously been regarded as Labour/Tory marginals but which could now be good Alliance prospects. But no one can be sure of such a result. SDP leaders are privately worried that, if the Alliance as a whole wins only 50 to 100 seats, the Liberals and a minority of SDP experts, might take most of them unless the SDP gets a chance of fighting those now in dispute. The alternative view, held by Liberals and a minority of SDP experts, is that once the political mould has really been broken new seats will become good Alliance prospects.

The process may not be very edifying for those who take pride in calling themselves political virgins or who seek a new style of politics. But democratic politics is about power and personal ambition as much as principles, and to pretend otherwise is cant. After the honeymoon in 1981, both partners will this year be forced to realise what the pursuit of power means—more humility perhaps by some SDP leaders and a greater willingness to compromise and think nationally by some Liberals.

Letters to the Editor

North Sea revenues—a stable and flexible tax

From the Chairman, Orion Insurance Company

Sir,—In his interesting article (January 7) on the taxation of North Sea oil, your Energy Editor confirms the criticisms of the existing system by the Institute for Fiscal Studies Committee, but quotes some doubts about our own proposals that he has gleaned from some of the oil companies.

These criticisms are not well founded. First, considerable legislation would not be needed: Appendix D to our report explains in detail how the legislation covering petroleum revenue tax can be adapted without any significant difficulty to cover our proposed petroleum profits tax (PPT).

Secondly, it is implied that the application of our proposal to existing fields will require complex and potentially controversial researches into the past history of each field. This is not so: the information required is already on the record, if only for the purposes of PRT and, as we say in our report, we do not think that there should be room for much disagreement between the Inland Revenue and the companies over the matter.

Thirdly, it is suggested that "anomalies would probably arise as companies juggle their pre-tax costs to avoid triggering higher tax bands" for the purposes of PPT. Some attempts at juggling are, no doubt, an inescapable consequence of any tax regime; but there would be much less scope for them under the single tax that we propose than under the existing complex interplay of four taxes and three different kinds of relief.

The article refers to some concern that our proposals would drive the after-tax profitability of all fields towards a similar, modest rate of return. It is true that under PPT fields which yield a similar degree of profitability would attract a similar rate of tax, but the top marginal rate under our proposals would be lower than that under the present system and we believe that the undoubted risks inherent in NSO operations would be adequately rewarded if the operators of even the most profitable fields are enabled, as we propose, to benefit from a tax-free rate of return (as defined in our report) of 15 per cent and to retain a substantial amount of the balance.

Our primary purpose has been to avoid patching up the existing ramshackle system with its unpredictable impact and to replace it by the simple and stable but flexible system which the Chancellor has been seeking.

Antony Part (Sir),
The Orion Insurance Company,
70, King William Street, EC4.

Credit card operations

From the Divisional General Manager, Barclaycard.

Sir,—Mr Latimer's letter (December 30) prompts me to set the record straight on the profitability of credit card operations and service fees charged to retailers:—

The average interest rate on outstandings is significantly less than the 27 per cent quoted by Mr Latimer, who appears to have ignored the free credit period of up to eight weeks enjoyed by the majority of cardholders. For example, a purchase repaid over three months cost around 19 per cent, and with cost of funds averaging 16 per cent, the margin can in no way be considered excessive.

The average fee paid by retailers to Barclaycard is less than 2½ per cent, in return for which retailers obtain, inter alia, some or all of the following benefits: increased turnover; higher average transactions; guaranteed payment—no bad debts; greater security than when handling cash;

This fee must also cover the credit card company's costs of voucher processing, authorisation calls and fraud. In recent years, Barclaycard has not recovered the full costs of servicing its merchant network.

To suggest, incidentally, that this modest fee represents the net profit of "most businesses", is, of course, nonsense.

The retailer's decision to offer the Barclaycard facility is entirely voluntary and I cannot believe that 3,000 new merchants would join Barclaycard every month—as they did in 1981—unless they believed that the benefits of membership far outweigh the costs.

The Monopolies Commission examined Barclaycard's profitability in great depth and in its report (1980) said that there was no justification for the view that profits were excessive Since that evaluation, profitability has declined significantly as fraud, cost of funding and the cost of public sector services such as rates, postages and telecommunications have risen.

We are in no way complacent in the credit card industry and there is always room for improvement in the services we offer. It is, however, a low-margin business—less than 1 per cent on turnover—and no one should be under the delusion that credit card operations provide a path to easy profits.

Trevor Nicholas.
Barclaycard Centre,
Northampton.

Solidarity: a test for the West

From Mr V. Stepanov

Sir,—The article "Solidarity: a test for the West" (December 29) by Anthony Robinson puts forward a surprising argument for a European business newspaper.

East-West trade is potentially a rich source of mutual benefit for both sides. President Reagan's attempt to impose sanctions is, in business terms, disastrous.

As with President Carter's ill-fated grain embargo, the only people sanctions will really hurt are their instigators and those who join them.

For many European countries action to halt the pipeline deal, for instance, would lead not only to a crisis in our trade relations, but to severe economic effects within the countries concerned. In a period of recession in the West Soviet orders are helping to keep some industries working and providing jobs which would otherwise be lost. It is reckoned that British interest alone in the gas deal is worth over £150m.

But, of course, the U.S. sanctions do not come out of the blue. They are only the latest in a series of U.S. moves to prevent the gas pipeline deal, in particular, from coming to fruition. The U.S. manufactured ever more frenzied and fanciful alternatives as the deal came nearer to completion. Now Poland gives another opportunity to try to crush the deal.

Behind the anti-Soviet propaganda and hypocritical concern for Poland coming out of the White House, could it be that Washington's real concern is to prevent Western Europe slipping, even ever so slightly, from the grip of the U.S. energy monopolies? Washington may be disappointed that its carefully orchestrated plans for counter-revolution in Poland have been foiled but its present policy with all the talk of a "test" of the Western alliance has more to do with establishing U.S. dominance over its Western partners than with helping the Poles.

Arguments in the Western alliance are not caused by the hand of Moscow, although Moscow's hand seems to be everywhere in the White House view. The present disagreements reflect very real political and economic contradictions in the relations between the USA and its European Nato allies.

It is strange that Mr Robinson should seem to adhere to the U.S. standpoint when writing in a paper which represents European business and its interests, which cannot possibly be served by policies of sanctions or diminution of East-West trade.

Vasili Stepanov
Novosti Press Agency,
4, Zubovsky Boulevard,
Moscow.

Why UK suppliers win orders

From the Managing Director, Electro-Match

Sir,—I am sick and tired of reading letters similar to that (December 23) from the director-general of the Institute of Marketing. We deal with many of the greatest names in the electrical industry and find ourselves under continual pressure to improve deliveries "because this is an export job." We know full well that in the sector of industry in which we are dealing there is keen awareness of the need to meet export promises and there is certainly no tendency to obtain orders by giving falsely based delivery promises. This sector is the thriving electronic and light electrical sector but also includes rail transport.

Dealing almost entirely with imported components (which have to be used by our customers to suit their equipment to foreign markets) we are fully aware, also, of the fact that foreign suppliers are no more reliable than British. They take longer holidays and more often and they also repeatedly promise what they cannot perform.

I think the best thing that people like Mr Blood can do is to keep out of the papers, and make contact with those responsible by writing directly to them instead of for all the world to see. Foreigners read the Financial Times and other British papers and they are only too happy to believe the self-deprecatory correspondence about the performance of British industry. If we must have letters about our performance then let them be printed only when there is something good to say.

J. C. East
Electro-Match,
Daux Road,
Billingshurst,
Sussex.

Little change midway at Electronic Rentals

TAXABLE PROFITS of Electronic Rentals Group were little changed at £7.39m for the half year ended September 30 1981 compared with £7.42m, on turnover of £90.91m, against £90.12m.

The interim dividend is maintained at 1.1667p net per 25p share—last year's final payment was 3.143p paid from a pre-tax surplus of £14.74m (£12.22m).

The directors say that trading conditions continued to be "exceedingly difficult," particularly in the home market. UK rental side stood still as colour TV income reductions balance video recorders income growth, which was disappointing mainly because of supply shortages.

The introduction of a second major video recorder supply source last autumn was well received in the market place, the directors state, and with an assurance of supplies in 1982, "we expect to gain market share."

As most of the exceptional costs to be incurred in 1981-82 were accounted for in the first six months the benefits arising from rationalisation programmes are now beginning to show—exceptional debits were £1.46m (£67,000) mainly comprising redundancy and factory relocation costs.

In common with the rest of the UK shoe industry, Gola Sports continues to find trading difficult and further re-organisation measures are being taken. The directors say that throughout the group, operational costs continue to be carefully monitored and they see signs of a growth in rental income resulting from increased supplies of video recorders.

A divisional analysis of turnover and £14.03m (£14.81m) profit, before interest and exceptional items, shows: rental — UK £59.02m (£59.01m) and £11.13m (£12.6m); overseas £14.76m (£11.57m) and £2.33m (£1.77m); retail £3.27m (£3.81m) and £166,000 (£142,000); camping and leisure £13.42m (£15.17m) and £74,000 (£66,000 loss); property £53,000 (£51,000) and £382,000 (£372,000); miscellaneous £389,000 (£516,000) and £39,000 loss (£92,000); holding company £10,000 loss (£77,000 profit).

The camping and leisure figures for the 1981 six months exclude those relating to the discontinuing activities of Dudes and Europleasure whereas the comparative period included turnover of £3.1m and a loss of £623,000.

Above the line, interest charges were down from £7.32m to £5.18m as a result of reduced levels of borrowings and a marginally lower average interest rate, but these were offset by the increased exceptional items, and higher depreciation of £24.17m (£22.62m).

After much higher tax of £3.78m, against £896,000, minority interests, £13,000 (£13,000 credit), and an extraordinary credit of £420,000 (£160,000 debit), the available balance came through down from £6.38m to £4.02m. The dividend cost is £2.1m (£2.05m).

Basic earnings per share, after tax and minorities, were 2p (3.8p). Net cash flow per share increased by 0.3p to 17.1p.

On a CCA basis the pre-tax figure for the first half is reduced to £6.85m (£6.46m).

	Half year 1981 £000	1980 £000
Turnover	90,911	90,123
Trading surplus	38,202	37,123
Depreciation	24,169	22,617
Profit	14,033	14,806
Interest	5,181	7,321
Exceptional debits	1,462	67
Profit before tax	7,390	7,418
Taxation	3,780	896
Net profit	3,610	6,522
Minority debit	13	*13
Extraord. credit	420	†160
Profit available	2,095	2,053
To reserves	1,922	4,322

* Credit. † Debit.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Asprey ....int.	15	Jan. 28	15*	—	35*
Baker's Stores	1	—	0.8*	1.65	1.32*
Birmingham Pallet	nil	—	1.5	nil	2.5
Peter Black ....int.	1.68	May 1	1.54	—	4.54
City of Lndn Tr 2nd int	1.1	Feb. 26	1.1	—	4.4
Electronic Rentals	1.17	Feb. 26	1.17	—	4.31
Hickson and Welch	5	Feb. 15	5	7.5	7.5
Rbt. Kitchen Taylor	7	March 31	7	10	10
John Waddington ....int.	nil	—	2.5	—	6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Kwik Save to raise £12.28m

Kwik Save Discount is raising £12.28m gross by way of a rights issue of 6.8m new 10p shares at 180p per share on the basis of one new share for every 10 held on December 17. In the market the shares fell 8p to 214p.

The £11.9m proceeds are to be used to help finance the continued expansion of the group, in particular the purchase of stores on a freehold basis.

Sales for the first 16 weeks of the current financial year are up 21.8 per cent over last time. The directors decline to forecast profit for the year but undertake to pay dividends on the enlarged capital totalling 6p, compared with 5p in the year to August 1981.

Mr. I. F. D. Hill, chairman, says that despite the continuing fierce competition among major food retailers, the group still has good prospects of maintaining its profitable expansion in the future, taking into account the many towns in which the group is not represented.

He also points out that the group has benefited in the past from the provisions for stock relief. With the easing of inflation, there has been less need to make purchases of stock ahead of producers' price increases and stocks have fallen. A relatively small increase in stock purchases would require large sums of cash.

The new shares will not rank for the final dividend in respect of 1980-81, which is payable next week. Dealings in the new shares are expected to begin on January 11 and the final date for acceptances is January 29.

The issue has been underwritten by Singer and Friedlander and brokers are L. Messel and Co and Tilney and Co.

See Lex

Waddington shakes off its losses on withdrawn game

THE WITHDRAWAL by John Waddington of its controversial game, "Bombshell" resulted in a write-off of £180,000 and this has been included in the figures for the 28 weeks to October 17 1981. Despite this however, the company has swung back into profit with figures of £326,000 pre-tax compared with losses of £1.02m in the corresponding period last year. No interim dividend is being paid.

"Bombshell," based on the television programme, Dad's Army, was launched at toy fairs last January and was on general sale in June. The directors say it was well received by the trade and no complaints were received until the one which sparked off the Press campaign.

Within two days, the company decided to cease production and promotion.

The board says the company's financial position is strong, but the need for investment is paramount and in view of the results of the half-year, it has been decided to pass the interim dividend. Last year's net total was 6p, with the interim being 2.5p. A recommendation with regard to the final dividend will be made at the usual time in the light of performance and prospects.

They say the result for the first half should be reviewed against the background of an increasingly difficult trading environment. The company started the financial year reasonably well in packaging, printing and games, but sales began to decline in the late summer. In particular, it is the sales of folding cartons, and the higher priced games which have suffered with the general depression.

The games figure for the prior year was affected by provisions of £2.2m for Videomaster and £735,000 for the U.S., as disclosed in previous statements. In the current year there has been no significant contribution from either of these areas, they say.

First half turnover of this packaging and games group, was down from £33.06m to £24.75m—the previous year's figure included £7.03m from Valentine Group. The pre-tax profit was struck after interest charges of £356,000 (£965,000). Tax took £6,000 against a credit of £3,000, leaving attributable profits of £320,000 (£1.02m loss after minority credits of £5,000). Stated earnings per 25p share were 4.9p against losses of 16.5p.

The board says the company has nearly doubled its capital expenditure from last year's low level to maintain its investment in modern, cost-effective machinery. A rigorous attack on costs at all levels is continuing because the company does not expect trade to improve for some time.

The result of the second half of the current financial year depends on sales and margins which, with some exceptions, continue to be unsatisfactory.

Two of the games companies have carried out extensive changes in the half year. Waddington's House of Games has consolidated its operation in order to improve efficiency and release a 30,000 sq ft building for rent or sale.

Subbuteo Sports Games, in order to consolidate into one factory from three, has moved from Kent to the North-east. Once again, efficiency will be improved and cash is being generated from the sale of buildings.

Sales of the company's plastic containers for carbonated drinks are increasing. It is funding a development programme aimed at improving productive efficiency and raising technical specification to meet the requirements of a very large potential market.

This work, which the board considers to be of great importance for the future, has depressed the profits of the packaging business.

Bids and Mining News on Page 18

● comment

Waddington's figures yesterday caused dealers a double take. The shares added 4p yesterday on first confirmation that interim profits had been partly restored before slipping a net 3p to 86p on the absence of the half-time dividend. Waddington had backed at last year's distribution so the ex-ACT saving this time is a mere £156,000 so far and the outlook for the final is to say the least obscure. The group's explicit line is that dividend has been sacrificed in the cause of capital spending which is set to double this year to about £2.6m. But expenditure at this level should be seen against a £2.4m spend in 1979-80 and a total of £3m in the year before that. The current cost depreciation charge is about £2.6m anyway and the historic balance sheet was in robust health. The real point, perhaps, is that after bucking the trend for a good while, the dominant packaging interests have at last succumbed to the recession, particularly as it affects the confectionery trade, and the prospects remain very gloomy.

Birmingham Pallet runs into loss

A PRE-TAX loss of £102,317, compared with a profit of £51,299, is reported by Birmingham Pallet Group for the year to October 31 1981 and the final dividend, like the interim, is being omitted—a total of 2.5p net was paid for 1979/80.

After six months taxable profits had declined to £14,000 (£25,000). The directors said it was "impossible" to forecast the outturn for the year.

Full year turnover of the group, which is engaged in light engineering, was lower at £2.78m, against £2.87m.

After tax credits of £100,543 (£9,583) and extraordinary credits of £29,880 (nil), being a profit on the sale of a freehold property, there was an attributable profit of £28,112 (£90,882).

Stated loss per 10p share was 0.2p (8.9p earnings). On a CCA basis the pre-tax loss was £164,500.

Good start for Fredk. Cooper

In his annual statement Mr F. R. Cooper, the chairman of Frederick Cooper (Holdings) says the current year has started "very well" with the first quarter's trading producing profits and that he feels sure total profits earned this year will allow the company to maintain its dividend and that "it will be well covered."

He says the current year will be one of expansion with consideration being given to the opening of a new factory principally in connection with horse shoe nails.

Although this will be expensive the chairman says finances have been carefully planned and the scheme is well within the group's capability.

Toye subsidiary bought out

Toye and Co., the craft industries group, is selling the persistently disappointing precious metals giftware subsidiary, Taylor Maid (Consumer Marketing), to its management.

The main board director responsible for the Nuneaton-based offshoot, Mr R. H. Bennett, has formed a consortium with three members of the subsidiary's staff to form a new company, Brentcastle, which will buy Taylor Maid from Toye.

The consideration will equal the book value of its stocks under the terms of an agreement reach on December 23.

Brentcastle, through a subsequent agreement dated January 4 this year, has a liability to the parent company for the stock, with a book value of £76,377 held by it at that date. Toye is to receive a royalty of 1 per cent of Brentcastle's annual sales for three years from July 1, subject to a maximum of £25,000.

Taylor Maid has resisted recent management efforts to pull it back into profits. Suffering the effects of violent fluctuations in bullion prices, the cost of financing stocks on overdraft and unpredictably dull demand late in the year, the subsidiary lost £265,000 in 1980.

The autumn and Christmas trade again failed to materialise last year and Taylor Maid lost another £125,000 or so "before provisions against possible write-offs."

It had net liabilities of £32,000 at the end of 1980, but this buy-out eliminates the provision for deferred tax of £500,000.

TRIDENT GENERAL

The paid-up capital of Trident General has been increased from £5m to £9m, to provide further underwriting capacity as an independent and flexible market for professional intermediaries. Trident General is a member of the General Reinsurance Group.

Asset Special Situations at a discount

The shares in Asset Special Situations Trust placed at 30p have started trading at a discount. Yesterday they closed at 29½p.

The company raised £9m by placing 10m shares. Its investment policy is geared towards recovery stocks and special situations including investments in private companies wishing to come to the Unlisted Securities Market.

Brokers to the issue were Smith Keen Cutler.

JOHN BROWN

John Brown and Co has completed the acquisition for £44.4m of Olofsson Corp, a privately-held machine tool manufacturer based in Lansing, Michigan.

IN BRIEF

DOROKANDE RUBBER ESTATES—Pre-tax profits £24,269 (£23,843) for nine months to September 30 1981. Tax £10,323 (£10,183). Stated earnings per 10p share 3.15p (3.13p). Net asset value per share 177.8p (142.6p). In August 1981 Land Reform Commission of Sri Lanka increased amount of compensation awarded in respect of nationalisation of the company's estate from £18,457 to £18,670. This additional compensation will be included in tenth and final half-yearly instalment of compensation. The ninth and tenth instalments, totalling £4,080, have been received. This amount has not been included in nine month statement.

EUCALYPTUS PULP MILLS — The directors have decided to transfer the residence of the company from the UK to the Bahamas with effect from January 1, 1982. Consent of the Treasury has been obtained. The company's shares will remain listed on the London Stock Exchange, and dividends will continue to be paid in sterling. Shareholders who are resident in the UK will receive their dividends after the deduction of UK tax as at present.

PYKE (HOLDINGS) (butchers)—Results for year to June 30 1981 as known. Fixed assets £758,050 (£382,198). Cash and balance at bank £20,347 (£1,493); net current liabilities £412,013 (£369,367); shareholders' funds £827,637 (£382,198); increase in working capital £282,358 (decrease £194,838). Meeting: Winchester House, EC, January 29 at noon.

Pawson calls in receiver

W. L. Pawson, the clothing group which takes in Silhouette lingerie, has gone into receivership. The board, headed by Mr Stanley Woolliff, announced yesterday that it had requested the debenture holders, Barclays Bank and Charterhouse Japhet, to appoint Mr W. G. Mackey and Mr N. J. Hamilton of accountants Ernst and Whinney as joint Receivers and Managers.

The joint Receivers said that they intended to continue trading while an investigation is carried out. They also hoped to dispose of many of the group's operations as going concerns.

The search for buyers for all, or part, of the menswear and ladieswear manufacturer and retailer, has been going on since the middle of November when the group revealed that it had suffered a substantial first-half loss in the financial year which ends next month.

The shares were suspended at 7p, at the group's request, which gave Pawson a stock market value of £560,000. Charterhouse Japhet holds 6.26 per cent of the equity.

The board blamed sharply depressed demand in many of its operations for the planned disposal programme. After severe retrenchment last year, the group had been predicting a return to profits, but volume subsequently fell further and orders from major customers were deferred.

Lockwoods marketing

Princes Foods, a wholly owned subsidiary of the Italian group, Buitoni, is assuming sales and marketing responsibility for all produce of Lockwoods Foods in the UK and Channel Islands.

Lockwoods went into receivership last March and the major part of its UK canning and soft drink business was acquired by Hillsdown Foods, a private group, in July. Princes distributes imported canned fish, fruit and vegetables.

Full plans relating to the long-term operation of the agreement between Lockwoods and Princes are still under development.

Asprey surges to £2m midway

FOR THE half year ended September 30 1981, pre-tax profits of Asprey, the jeweller, whose shares are dealt on the USM, have reached £2.13m from turnover of £12.17m.

And the directors believe that the outcome for the year will be satisfactory, although elements of traditional business which are normally attributable to the second half have fallen into the first six months of the current year. "Trading prospects remain good and with the current expansion at home and overseas, we look forward to the future with confidence," they state.

In the comparative six months to September 30 1980 the company made a profit of £784,000 from turnover of £8.17m. But shareholders are reminded that the period was affected adversely by the diversion of management effort, mainly in successfully defending a takeover bid from Alfred Dunhill.

The interim dividend for the half year is maintained effectively at 15p. For the year 1980-81 the company paid an effective total of 35p from profits of £4.13m. The final dividend for the current year will be determined in the light of results, and is likely to be recommended in August.

After tax of £870,000 (£300,000) and extraordinary debits of £181,000 (£60,000) the available balance came out at £1.08m (£424,000). After dividends of £306,000, the retained figure is £776,000 (£118,000). The extraordinary items represent costs of obtaining the introduction to the USM and the development of new ventures in London and New York. Earnings are shown at 62.85p (23.9p).

As well as the jewellery side, Asprey is involved in interior decorating, furniture upholstering, curtain-making, bookbinding, and the restoration and repair of antique furniture and woodwork.

● comment

Asprey has celebrated its placing on the USM by returning almost trebled interim pre-tax profits. The comparable figure was depressed by the costs of the successful effort to fight off the Dunhill bid. As befits a jeweller to the Queen, sales were boosted by the Royal Wedding boom. The new franchised shop in Hong Kong, which opened in October, should bring in more permanent benefits, though trading there has been flat of late. Asprey will be opening a wholly owned shop in New York this October, though plans for expansion in the Gulf seem to have been shelved. The small interior decorating business, Asprey Interiors, acquired in 1979, has gained good orders, and is expected to become a major part of the company's business. Sears Holdings has 20 per cent of the equity. The interim dividend is held at 15p, but the statement hints at a rise in the final. Despite October's four-for-one scrip issue, the share is still considered heavily priced. Yesterday it rose 6 per cent to 875p. Cheaper than a gold chess set.

NEW LIFE BUSINESS

Royal Life success in the UK

THE VENTURE in the guaranteed income bond market and the school fees market last year by Royal Life met with tremendous success. It was mainly responsible for UK single premiums more than doubling from £21m to £51.2m.

The company, the life and pensions member of the Royal Insurance Group, sold £20m of income bonds in its special issue made in December, and £10m under its school fee plan, which started at the end of 1980.

The company had a successful year in 1981 for most of its life and pensions marketing. New UK annual premiums rose from £22.5m to £24.1m, with individual life premiums up from £8.7m to £9.4m, thanks to higher mortgage related business.

The company also had a good year for group life and pensions business, in contrast to the general trend in the market. New annual premiums advanced 12 per cent to £8.9m, while single premiums were 25 per cent higher at £5.5m. Most life companies have seen a drop in group pension business because of, the recession, massive redundancies and lower wage settlements.

However, self-employed and individual pension business was mixed with annual premiums dropping slightly from £5.9m to £5.8m. Single premiums rose by one-third from £3m to £4.1m.

Total worldwide life and pensions business of Royal saw annual premiums rise 9 per cent to £28.3m and single premiums more than double from £21.9m to £52m.

The Commercial Union Assurance Company also saw an improvement in its UK group pensions business. New annual premiums advanced from £10.1m to £11.8m and were mainly responsible for total UK annual premiums improving from £19.1m to £20.6m. Individual business in the UK fell slightly, with annual premiums of £8.8m against £9m and single premiums 16 per cent lower at £4.8m. New annual premiums on UK permanent health insurance were down to £1m from £1.2m.

The worldwide new annual premiums of the CU rose in sterling terms from £39m to £42.8m, while single premiums almost doubled from £28.6m to £55.1m, the underlying growth rates allowing for exchange rate fluctuations and the disposal of the life business in Australia and New Zealand being 6 per cent and 79 per cent respectively. Single premium busines in the Dutch company Delta-Lloyd was especially strong, with a swing from annual to single premiums in the pensions sector.

However, Yorkshire - General Life Assurance Company, the life company within the General Accident Group, reports a pattern of new life in pensions business more in line with the general UK trend. New annual premiums on ordinary business improved from £4.1m to £5.5m with good growth in mortgage-related and protection contracts. But new annual premiums on group pensions declined from £4.5m to £3.4m.

The company had a successful year for self-employed pensions business, with annual premiums more than doubled from £900,000 to £2.1m. Total UK new annual premiums rose from £9.5m to £11m.

UK single premiums improved nearly 10 per cent to £5.7m, with life premiums static at £1m. The growth came from group business which moved from £4.2m to £4.7m.

New annual premiums on world-wide business were 15 per cent higher at £11.4m against £9.9m, while single premiums were £6m against £5.3m.

Scottish Equitable Life Assurance Society had an exceptional year in 1981 for self-employed pension business, with new annual premiums rising from £1.08m to £4.47m, while self-employed single premiums improved 14 per cent to £4.24m.

The other success story for the company was its marketing of guaranteed income and growth bonds, which resulted in single premium life business jumping from £2.98m to £18.8m. The company's annual premium business on ordinary life also showed good growth, moving ahead from £1.93m to £2.3m, with its link with the Royal Bank of Scotland boosting mortgage repayment business.

However, group pension business took a knock with annual premiums down from £11.02m to £9.66m and single premiums 24 per cent lower from £11.26m to £8.61m.

The net result for the company was an advance in new annual premiums from £14.03m to £16.43m, while single premiums jumped from £17.96m to £31.65m.

A steady mortgage business last year resulted in new life annual premiums of Provident Life Association of London improving slightly from £2.35m to £2.5m. The company's launch of a single premium unit-linked plan saw life single premiums expand from £16,000 to £80,000. But the company saw its group pensions business decline—annual premiums fell from £1.04m to £637.00 and single premiums from £606,000 to £485,000.

High life premiums and lower pensions business is reported for 1981 by the Scottish Mutual Assurance Society. New life premiums rose 11.6 per cent from £2.9m to £3.3m, with the sales of protection contracts benefiting from the special rates quoted for non-smokers.

Pension annual premiums dropped 30 per cent from £5.3m to £3.7m, with group, executive and self-employed pensions all showing declines. Single premium business remained static at £6.1m, with a 25 per cent increase in life business, offset by a corresponding drop in pensions business.

SPAIN

January 7	Price %	+ or −
Banco Bilbao	335	
Banco Central	335	
Banco Exterior	303	
Banco Hispano	325	
Banco Ind. Cat.	115	
Banco Santander	347	
Banco Urquijo	213	
Banco Vizcaya	355	
Banco Zaragoza	216	−2
Dragados	127	−3
Espanola Zinc	60	
Fecsa	58.7	
Gal. Preciados	43	
Hidrola	64	+0.3
Iberduero	53	+3
Petroleos	89.2	+2.2
Petroliber	101	
Sogefisa	40	
Telefonica	71	−1
Union Elect.	64.5	−0.5

FOREIGN AND COLONIAL INV.

At December 31 1981 unsecured currency loans of the Foreign And Colonial Investment Trust Company, which continue to be on a short-term basis, totalled US$34.5m and £13.75m. Since that date a borrowing of $18.5m has been repaid in full.

SHARE STAKES

Percy Bilton—The National Coal Board Pension Funds purchased a further 1m ordinary shares and now hold 4,632,700 (12.33 per cent).

Crosby House Group—Jazerite Holdings and subsidiaries, have sold 4,750 ordinary shares and £77,978 10 per cent convertible unsecured loan stock 1987/90. Accordingly, they no longer have a notifiable interest.

Smith Whitworth—CHI Securities became interested on January 4 in a further 10,000 ordinary bringing the aggregate holding to 727,000 (18.175 per cent).

Bonusbond Holdings—Following sale of 25,000 ordinary shares the interest of Vandan is 680,000 ordinary shares (19.42 per cent).

Eagle Star Holdings—On December 23 Allianz Versicherungs—AG transferred its interest in 38,248,615 ordinary shares to a company incorporated in England which is in the process of being renamed Allianz Holdings.

Badulipar Tea—Longai Valley Tea has acquired 20,950 ordinary shares and 2,000 preference shares.

British Electric Traction—Mr G. A. H. Watts, director, has notified the company that, as a result of the attainment of majority by a minor, he is no longer beneficially interested in 218,304 deferred ordinary shares, but his non-beneficial interests have increased by 175,804 such shares.

R. P. Martin—P. J. Watling, director through Sinjul Nominees, has disposed of 45,000 ordinary shares at 300p, leaving holding 199,009 (2.13 per cent).

Steinberg Group: Mr D. Wolfson, director, holds 260,000 ordinary (1.99 per cent).

Wolverhampton Steam Laundry: Mr T. Watson resigned from the board and subsequently disposed of his holding of 130,696 shares in the company.

Globe Investment Trust: The NCB Pension Funds yesterday purchased 250,000 ordinary, making holding 36,224,043 shares (22.15 per cent).

Increased loss at Hollis ESA

A SMALL return to profitability next year is predicted by Mr R. J. Rimington, chairman of Hollis Bros. and ESA, after taxable losses nearly doubled in the first six months to September 30 1981. The deficit rose from £1.37m to £2.5m. There is again no interim dividend.

The reduction in the size of the group and the curtailing of operating costs suggest that the next six months will see a much reduced loss, he says.

Mr Rimington adds that the adverse trading conditions in the industries the group trades in were exacerbated by the rationalisation programme. Turnover for the period plunged by £7.15m to £17.54m.

In the last full year the group, which has holdings in timber importers and educational equipment manufacturers, made pre-tax losses of £4.82m. The last dividend was 1.4p in 1980.

The scaling down of trading activities, says Mr Rimington, is a direct result of the closures and has substantially reduced the level of operating expenses. Inevitably there has been a further reduction in the workforce, now 1,250.

Interest payments this time fell from £1.36m to £913,000. There *was no charge for tax* (£120,000). There was an extraordinary *debit of* £594,000, compared with £500,000, which left the group loss after preference dividends sharply higher at £3.09m, against a previous £1.75m.

● comment

Over the past year Hollis has been shrinking as fast as it can, in the effort to match dwindling markets. Operations are now concentrated at Stevenage and Hull; once they were spread over as many as 15 locations. In the first half of the current year, there were a further 500 redundancies, coupled with expensive stock liquidations as the London softwood yard was closed. Although there is no sign of new life in any of Hollis's markets, surgery has at last reached a point where all divisions are within reach of "normal" trading profits. But gearing is still an oppressive 100 per cent of depleted net worth, and it was only a £4.7m property revaluation last March which kept shareholders' funds in balance with the debt. A below-par share-price of 21p values Hollis at just under £2m. At these depths there is room for a recovery argument which Industrial Equity (Pacific), the accumulator of a 20 per cent stake in *the summer at 40p or* so, is no doubt nervously rehearsing.

Baker lifts dividend to 1.65p

AN INCREASE from £620,322 to *£752,283 in trading profits is* reported by Baker's Household Stores (Leeds) for the year to September 26 1981, but Mr R. Baker, the chairman, says the increase for the second half would have been somewhat higher if it were not for the increased depreciation and opening costs relating to three new branches.

The company, which now operates 22 self-service stores selling non-food merchandise, increased its turnover from *£4.72m to £5.7m*. The final dividend is effectively raised from 0.8p *to 1p* for a total of 1.65p net (1.32p adjusted).

Mr Baker says that *since the* end of the financial year, the *three new stores have produced* satisfactory results. Trading in *other stores*, although keeping around last year's record figures, is flat and under present conditions, he says it would not be *prudent* to *forecast further* at this time.

The company *is* continually looking to acquire further *branches in which* to expand and a further store was opened in *December*.

Interest receivable for the year was £210,307 (£175,048). Tax was considerably higher at £381,530 (£85,717), leaving attributable profits down from *£788,702 to £581,060—the* previous year's figure included a surplus of £79,049 on the disposal of fixed assets. Stated earnings per 10p share were lower at 11.62p against 15.77p.

Hickson makes sharp recovery

AFTER PLUNGING from £4.4m to £2.21m in the first six months, after charging £128,000 redundancy and termination costs, taxable profits of Hickson and Welch (Holdings), chemical manufacturer, recovered sharply in the second half and for the year as a whole to September 30 1981 finished just £200,000 lower at £6.28m.

In his interim statement Mr T. Harrington, the chairman, warned that with little likelihood of an early upturn in the chemical sector group results for the year were expected to be down on *those of 1979-80*.

Turnover for the year under review declined to £90.87m (£93.3m) and trading profits came through at £7.64m, compared with £8.23m.

The pre-tax surplus was after lower interest charges of £668,000 (£1.37m) and redundancy and closure costs which rose from £393,000 to *£699,000*.

Tax took much the same at £3.17m (£3.23m) and after same-again preference dividend payments of £6,000 the available balance for ordinary shareholders emerged at £3.1m (£3.24m).

Stated earnings per 50p share dipped 1p to 16p but a maintained final dividend of 5p holds the total at 7.5p net.

CCA adjustments reduce the taxable profit to £2.31m (£2.75m) and on the same basis there *was a loss per share of* 4.5p (2.5p).

● comment

Hickson and Welch has shared *in the good run chemical shares* have enjoyed in recent weeks. *Up 12p to 212p yesterday*, the shares are higher than at any time for over *two years*. The figures are quite a bit better than expected, and vastly better than the first half. Having fallen 50 per cent short of 1980 at the interim stage, Hickson did almost enough in the final six months to repair the damage at the operating level, and has also halved its income gearing. The main source of improvement in the chemicals business is still overseas, helped by currency factors, but volumes in the UK have shown some recovery — more so in the intermediate agro-chemical and pharmaceutical lines than in pigments or dyestuffs. Inorganics have remained relatively profitable throughout the trough. Timber preservation is still a growing and *increasingly profitable* part of the business, which seems likely to progress further this year. In chemicals the outlook is *still uncertain, clouded particularly* by faltering U.S. demand *and by aggressive pricing from* European competitors such as Hoechst. But this result will surely confirm the recent bullish trend in the sector. The 5 per cent yield emphasises that Hickson has kept well abreast of sectoral re-rating.

Turnround for New Cavendish

A TURNROUND from pre-tax *losses of £2,719 to profits of* £70,719 was shown by New *Cavendish* Estates for the six months to June 30 1981.

On November 17 1980 New Cavendish Investment's issued share capital was exchanged for 504,000 new ordinary shares in New Cavendish Estates.

The extraordinary debit of £154,136, say the directors, consists mostly of the merger costs and includes a provision for diminution in the value of the investment in the associated *company*. Last time there was a credit of £5,798.

There was a reduced tax charge of £13,767 compared with £173,087 previously. The attributable loss was also *reduced*, from £170,008 to £97,371.

Earnings per ordinary 5p share are given as 7.3p. No comparative figure is provided for earnings per share because of the merger of interests reflected in the accounts.

For these accounts, say the directors, the accounting periods of the companies start on July 20 1980 for NCE and January 1 1980 for NCI. The comparative figures have been combined, each covering a period of 12 months ended July 19 1980 and December 31 1979 respectively.

GIBBS SAGE

Antony Gibbs, Sage has changed *its name* with *the* consent of the Department of Trade to Gibbs Sage *effective from* January 1.

Peter Black up in first half

FOR THE half year to October 31 1981 taxable profits of Peter Black Holdings, footwear and *travel goods manufacturer*, improved from £1.37m to £1.8m on *turnover higher at £20.41m*, compared with £16.7m.

The directors, *who consider the* results "satisfactory" taking *account* of the current trading conditions, are raising the net interim dividend marginally *from* 1.54p to 1.68p per 25p share—a *final* of 3p was paid *for* 1980-81 from pre-tax profits of £2.8m.

Stated *earnings* per share for the six months emerged at 10.8p (8.2p) after tax of *£935,000* (£710,000). Interim dividend payments absorb *£134,400* (£123,200).

● comment

Peter Black's decade of steady growth is highlighted by much improved interim figures, with pre-tax profits 32 per cent up at £1,801,000. The company has traditionally sold about 25 per cent of output to Marks and Spencer. M and S's drive towards cheaper footwear has allowed Peter Black to reap further benefits as its own range is at the bottom end of the market. The international division, begun *in* December 1980, continues to grow *and enables the company to complement* its home produce with *Italian leather footwear*. The company is hoping that its *marketing operation for Adidas* will benefit from the world cup finals next year. Margins have been improved on the traditional home manufacturing front. Having reduced interest payments, Peter Black is continuing to expand its product range, and is now starting to manufacture household *textile lines*. The recent snowy weather will have done no harm to its new range of Wellington boots. Before the *figures this family held share* was trading strongly. Assuming *the final is increased by* the same 9 per cent as the interim, *the share*, down 5p at 211p, yields about 3.4 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals—Ley's Foundries and Engineering, Robert H. Lowe.

FUTURE DATES

Interims:—	
Austin (James) Steel	Jan 20
Banks (Sidney C.)	Jan 26
Gresham Investment Trust	Jan 13
Magnet and Southerns	†Jan 11
Midland Trust	Jan 20
Stroud Riley Drummond	Jan 18
Symonds Engineering	Jan 14
Finals:—	
Imperial Group	Feb 11
Kenning Motor	Jan 12
Lovell (Y. J.)	Jan 21

†*Amended.*

RKT picks up in second half and holds payment

AS PREDICTED in the interim statement Robert Kitchen Taylor and Company returned to profit in the second six months, the pre-tax figure for the period emerging at £589,000, compared with £286,000.

For the full year, however, to September 30 1981, the taxable surplus was still well down at £442,000 (£638,000) but a final dividend of 7p (same) maintains the net total at 10p per 10p share.

Turnover of this knitwear manufacturer, textile merchant and property investor and dealer, improved from £15.4m to £16.99m.

Interest charges were higher at £609,000 (£371,000) and tax took £130,000 (£287,000 restated).

After minorities of £4,000 (£13,000), extraordinary credits of £335,000 (£297,000 debits), distributable reserves as restated brought forward £877,000 (£1.2m) and currency adjustments of £17,000 this time the attributable balance emerged at £1.54m, against £1.25m, out of which dividend payments absorb £389,000 (£376,000).

On a CCA basis pre-tax profits are shown as down from £407,000 to £280,000.

Although conditions in the textile trade remained dull the group's textile operations returned to profit in the second half of the year, as anticipated, and the present year has started "satisfactorily."

The property sector progressed well although no significant realisations of the trading stock took place in the second half. Planning restrictions on the office use of the Chart Street property have now been removed and the directors have revalued the property at £4.5m, giving a revaluation surplus of £1.5m which has been credited to reserves.

Brockhouse optimism for return to profitability

ALTHOUGH there are no significant signs that overall demand is increasing, Mr R. J. H. Parkes, chairman of Brockhouse, says he is optimistic that the year ahead will produce a return to profitability for the group.

In the year to September 30 1981, the group, which has interests in engineering, transport, building and materials handling, and equipment manufacture, incurred pre-tax losses of £1.96m *compared with profits of* £787,000.

He says in his annual review that there are signs that the group should be firmly pulling out of its present malaise by mid-1982. This pre-supposes no serious setback nationally, and no deepening of the recession in the U.S. to upset world trade. Regardless of these and other possible upsets, he says it is difficult to accept that 1982 could be worse than 1981.

Mr Parkes adds that a few improvements are appearing here and there, but experience dictates caution. "There is no doubt," he says, "we are picking up orders once enjoyed by manufacturers no longer in business. I reiterate my last year's comments that an upturn of any magnitude would expose a shortage of manufacturing capacity.

"This, in turn, would bring in exports and be counter-productive to the nation's long-term interests. I hope, therefore, that the pick-up will be gradual and digestible, but history does not support this possibility."

JACKSON GP

Jackson Group has acquired ATC Pneumatics, a subsidiary of WGL within its industrial division.

ATC Pneumatics provides compressed air equipment and services. Branches at Northampton, Nottingham, Sheffield and Hull will be merged into the Jackson Group subsidiary, Anglia Pneumatics, which operates similar sales branches.

Mr F. Jackson, chairman, said that the transaction took full account of the interests of the employees and customers, as well as creating a more effective and economical sales organisation.

WM. MOWAT & SONS

John Siddall and Son, acting on behalf of Mr Kearns, has announced that valid acceptances have been received for 144,260 Wm Mowat and Sons ordinary shares (74.43 per cent). The offer has closed and lapsed.

Strong and encouraging start for Whessoe

STARTING the current period in a situation *consistently* strong and encouraging for all three *principal operating* companies, Lord Erroll of Hale, chairman of Whessoe, tells members that the year to September promises to show a further appreciable increase in activity, turnover and profit.

Cross order book at September 26 last amounted to £250m, compared with £217m previously.

With regard to the Qatar claim, arising from loss, damage and expense at Umm Said in 1976 and 1977, the directors say that these losses have not been quantified, except for an unsubstantiated indication made on behalf of the claimants that the cost of replacement of the plant and other losses may be as high as £300m.

Whessoe has taken advice from leading technical experts, liability is denied and both proceedings will be strenuously defended. No provision has been made in the accounts.

As reported on December 18, an excellent result from the heavy engineering subsidiary, enabled the group to swing back into the black for the 12 months ended September 26 1981. Pre-tax profits totalled £4.58m, against losses of £412,000. Heavy engineering contributed trading profits of £5.04m (£1.97m).

The balance sheet shows fixed assets of £14.25m (£14.31m), net current assets of £8.35m (£5.11m), and shareholders' funds of £22.87m (£16.35m). Bank balances and cash increased to £5.09m (£1.03m) and bank overdrafts and loans were much lower at £3.81m (£9.92m).

Meeting, St Ermin's Hotel, SW, January 28 at noon.

W. CANNING

W. Canning has announced that its wholly owned subsidiary W. Canning Environmental Services of Telford, Shropshire, has sold its interest in the distribution of equipment for controlling oil pollution of in-shore waters as at December 31 1981.

The purchaser is Oil Pollution Defence, a company in which a former director of certain Canning subsidiary companies will have a controlling interest while Canning will have a 26 per cent minority interest as a trade investment but no other involvement.

W. Canning has also contracted to sell as at December 31 1981, a controlling interest in its subsidiary HB Instrumentation, a Bolton based company specialising in the design and supply of engine testing systems and dynamometers.

The purchaser is Mr F. Waterworth who has been managing director of the company for four years. W. Canning will also retain a 26 per cent interest in the company. The present three employees will continue under the new ownership.

The effect of these two sales on the assets and profitability of W. Canning group is negligible.

Blue Circle offshoot sale may bring bids of £40m

Blue Circle Industries, the cement manufacturer, will invite bids for its West Midlands-based sand and gravel quarrying subsidiary, Blue Circle Aggregates. A tendering process will be conducted by Baring Brothers and bids are expected to fall in the region of £30-40m.

The subsidiary has contributed annual profits to the group of about £2m over the last five years, but the eventual sale price is expected to relate more to the asset value. Its assets include 12 operational quarries, 12 undeveloped quarries and some on-site plant.

The sale will also involve additional gravel bearing lands owned by Blue Circle.

Blue Circle said yesterday it had decided to sell in view of a growing domination of the aggregates industry by vertically integrated groups "where aggregate extraction is only part of the production operations." Good relations with its own cement customers precluded Blue Circle from following this path and it therefore faced the prospect in the long term of being at a disadvantage to larger competitors.

The subsidiary has about a 3 per cent share of the national aggregates market, producing about 3m tonnes annually.

Bidders will receive full information about the business and will be invited to discussions with Blue Circle. The parent anticipates drawing up a short list of bidders and may then invite revised offers. Full consideration will be given, it says, to the future of the subsidiary's 350 employees.

London Shop rejects 135p a share Rosehaugh offer

BY WILLIAM COCHRANE

London Shop Property Trust yesterday flatly rejected this week's 135p-a-share bid from Rosehaugh, which valued the company's equity and near-equity at £19.7m.

Rosehaugh's offer was subject to two major conditions: the recommendation of the London Shop board: and London Shop shareholders voting against London Shop's own proposal of a merger with its sister company, Beaumont Properties, at a shareholders' meeting next week.

In a letter to shareholders, London Shop's chairman, Mr J. Hugh Jones, says: "Were Rosehaugh to proceed with the proposed offer, your board would strongly advise its rejection as being totally inadequate."

City observers expect that Rosehaugh will increase its bid, possibly today. The company's advisers, J. Henry Schroder Wagg, have been taking soundings among the institutional shareholders which hold some 35 per cent of London Shop, and the feeling exists in the City that an increase in the offer to perhaps 150p a share might meet with a better response.

This does not mean that London Shop has given up the fight to stay independent in its own way. "We are confident," said Mr Jones yesterday, "that the merger with Beaumont is the right thing for both sets of shareholders."

Mr Jones also sounds sure, at least for the moment, of the backing of Sir Cyril Black and his family, long standing shareholders in London Shop with an estimated 15 per cent of the equity.

London Shop's chairman also revealed that more changes at non-executive director level were on the way. Mr S. P. Fairr, senior partner of City surveyors Dron and Wright, was appointed to the board six months ago.

"Non-executive, but giving time to the company," was the way Mr Jones put it. He expects two such appointments to be announced shortly.

See also page 24

RTZ builds up Ward stake to 24.9%

Rio Tinto-Zinc has acquired a further 5.55m shares of Thos W. Ward in the market at 230p per share cum dividend, equivalent to the value of its cash bid for Ward under the revised terms announced the day before yesterday.

This has brought RTZ's stake in Ward's ordinary equity up to 14.53m shares, 24.9 per cent of the total. Acceptances received from Ward shareholders by January 6 accounted for a further 3.15 per cent.

Reiterating the Ward board's rejection of RTZ's bid, Mr Peter Frost, the chairman, yesterday wrote to shareholders urging them not to help the bidder by selling their shares in the market. He said he would be writing to them again shortly with detailed comments on the revised bid.

CAMBRIDGE PETROL ROYALTIES OPTIONS

Cambridge Petroleum Royalties has allotted 372,789 ordinary shares after having exercised all the outstanding options originally granted to Cambridge Royalty Company of Houston, Texas, but disposed of by that company in December 1980. The options gave the right to subscribe for new shares at 175p per share and Cambridge Petroleum Royalties accordingly received subscription monies of £652,000. There are now 5m ordinary shares of the company in issue including the new shares.

RANSOMES SELLS SUBSIDIARY

Ransomes Sims and Jefferies of Ipswich has announced the sale of its wholly owned subsidiary distribution company, Ransomes Grass Machinery (Scotland). The company, which will continue its present activities from Edinburgh and Glasgow, has been acquired for £800,000 by Frews Tractors of Perth which already distributes Ransomes products in other areas of Scotland.

JAMES NEILL

James Neill Holdings sold the unexpired term (173 years) of its leasehold in premises in Handsworth Road, Sheffield. The sale was made to ICFC Properties for £1.93m on December 31. The whole of the premises were simultaneously leased back to the company for a 50-year term.

Moore and Wright, manufacturers of micrometers and other precision tools, and a wholly-owned subsidiary of the company, will continue to occupy the premises.

Ladbroke sells off public house chain and racetrack

Ladbroke Group, the leisure betting and hotels group, is selling off its R. V. Goodhew chain of 19 public houses to Chef and Brewer, a subsidiary of Grand Metropolitan. At the same time the group is also selling the racecourse at Lingfield Park, Surrey, to a company controlled by Mr R. A. Mudde, a businessman with racing interests.

Chef and Brewer is the largest managed house group in the UK, the latest acquisition giving it a total of 1,619 public houses. Of the 19 pubs being acquired from Ladbroke 13 are in the Greater London area. The total number of public houses in the Grand Met group amounts to some 5,000. The group controls the Watney Mann and Trumans breweries.

Ladbroke said yesterday that the opportunities to expand tavern operations in the London area are extremely limited and in view of the offer received it was decided to sell.

The company added that this will enable it to concentrate its activities in South Wales where its subsidiary, Astey's, operates in both the licensed and the unlicensed sectors.

The contract for the sale of Lingfield Park provides for the continuation of racing for a minimum period of three years. Completion of the sale is to take place on March 1.

The sale proceeds of both transactions will be applied as part of the capital investment programme of the hotel and leisure divisions for 1982.

HEMDALE ACCEPTS

Acceptances of the offer by Southbrook and City Holdings for Hemdale Film Group have been received in respect of 6,594,922 shares (88.67 per cent). With the 488,793 shares already held, this amounts to 7,083,715 shares (95.24 per cent).

The offer is unconditional as to acceptances and the closing date is extended.

It remains conditional on Hemdale holders approving the resolution to dispose of Hemdale Leisure Corporation Incorporated to Ritexa at an EGM on January 8.

LOFs PURCHASE

London and Overseas Freighters has bought out the minority in Welsh Overseas Freighters for £2.66m in cash.

LOFs has owned 51 per cent of the company since it started trading 21 years ago. The company's principal asset is a 27,107 dwt bulk carrier, the "Welsh Voyager," built in 1977.

At March 31 1981 the net asset base of Welsh Overseas was £4.9m including cash of £2.3m. Net profits for the year ended March 1981 were £342,278 pre-tax.

LINFOOD HOLDINGS

Linfood Holdings expects to complete the sale of its barely profitable Delivered Wholesale division before the end of its financial year on April 24. Subject to the approval of its shareholders at an extraordinary meeting on February 5, the stores, cash and carry and wholesale group will sell the division to its existing management team in an asset-related deal which is expected to be worth £21m. The division is to be re-named AFD Holdings.

NO PROBE

The acquisition by Renault Vehicules Industriels of 50 per cent of Karrier Motors will not be referred to the Monopolies and Mergers Commission.

Rustenburg Platinum is feeling the pinch

BY KENNETH MARSTON, MINING EDITOR

UNDER NORMAL circumstances the price of platinum on the free market (which is largely supplied by Soviet material) is some 20 per cent above that of gold. But since November 1980, free market platinum prices have fallen below those of gold. At the moment free market platinum is about $378 per ounce compared with $397 per ounce for gold while the "producer" platinum price quoted by the major western mines remains at $475 per ounce.

Mr Gordon Waddell, chairman of the world's leading producer of the metal, South Africa's Rustenburg Platinum Holdings, says in the annual review that the fall in the free market price of platinum, along with that of gold, "seems to reflect the continued emphasis on the monetary facet of precious metals and to ignore the fact that platinum is also a strategic industrial metal."

Be that as it may, demand for platinum at the producer price continues to fall and significant quantities of the metal are being purchased by consumers from the cheaper free market. Customers of Rustenburg's are thus restricting their purchases to the contractual minima.

Consequently, Rustenburg's profits for the first half of the current year to August 31 "are likely to be severely lower" than in the same period of 1980-81 when net profits fell by 2.7 per cent for the full year.

"The same is true for the (current) year as a whole and, indeed, until either a better balance of supply and demand is established at Rustenburg's price or until there is an economic recovery in the U.S. and Western Europe," says Mr Waddell.

Why does not Rustenburg lower its selling price to nearer the free market levels? Mr Waddell answers this by pointing out that free market platinum stocks held by speculators have now diminished and "the liquidation of stocks held by other than the producers is primarily motivated by the desire to realise cash to be invested elsewhere and consequently the price realised for the platinum appears to be a lesser factor.

"For the present, therefore, there seems no advantage to be gained by Rustenburg in matching the free market price, as that price would seem likely only to fall further and it is unlikely that Rustenburg would sell significantly larger quantities," says Mr Waddell.

The company clearly feels that it can avoid having to compete for sales in a falling market while it has the backing of a strong financial position which has been built up over the past few years in order to face lean times such as these.

When the eventual recovery comes Rustenburg has the productive capacity — and metal stocks—to make the most of the revival in demand. But in the meantime some reduction appears to be on the cards for the rather unexpectedly, increased dividend of 45 cents (24.5p) paid for the year to last August.

That payment was covered 2.1 times by earnings and at the current price of 214p Rustenburg shares show a yield of only 11 per cent. Shares of the rival Impala Platinum, however, which is no doubt also suffering from the poor platinum market, stand at 330p to show a higher yield of 18 per cent on a twice-covered dividend.

Nchanga's new copper plant

ZAMBIA'S state-controlled Nchanga Consolidated Copper Mines (NCCM) says that construction is to start soon on the third stage of its K206m (£122m) tailings (mine residue) leach plant at the Chingola mine division.

The plant, which will recover remaining copper from the waste material, is due to come into operation in the last quarter of 1984. It will provide a cheaper method of obtaining new copper than shaft-sinking and is expected to produce 524,000 tonnes of the metal over a 15-year period.

Material for the new plant will come from tailings dams around the Chingola division which have built up since mining started there in 1939.

NCCM said it is assembling project funds from various international lending houses.

Engineering design and construction management will be provided by NCCM and its wholly-owned British subsidiary, Zambia Engineering Services. Plant construction will be contracted out to Zambian firms.

Estimated profitability of the new plant over the first 12 years of operation is K523m after depreciation and interest but excluding tax. The Zambian Government's tax share is put at K367m over the same period.

NCCM and Zambia's other state-controlled copper company, Roan Consolidated Mines, are expected to complete legal aspects of their merger arrangements at around the end of March, forming the new Zambia Consolidated Copper Mines.

Guinness Peat seeks to solve long-running row

THE Guinness Peat board will meet today to discuss possible solutions to the long running row between Mr Edmund Dell, the group's chairman and chief executive, and Lord Kissin, the founder and life president.

Guinness Peat's advisers, Morgan Grenfell, and Lord Kissin's advisers, Hambros Bank, have held a series of meetings over the last month, following the announcement that Lord Kissin was preparing to make a partial bid for a "significant stake" in the group—thought to be 20 per cent.

Since Mr Dell took over as chairman from Lord Kissin, in November 1979, the group's profits have fallen sharply, the dividend has been cut and several old-established group investments have been sold. Lord Kissin is understood to have been unhappy at the speed with which many of these sales have been completed and the new direction the group has been taking. Other non-executive directors are understood to be sympathetic to his views and prepared to back his partial bid.

The Bank of England has been drawn into the affair and has been helping both sides in their search for a compromise.

Several solutions have been canvassed, but the one which seems most likely involves a restructuring of the senior management. One suggestion is that a new chief executive will be recruited from outside the group and Mr Dell will concentrate on the group chairmanship.

Several candidates are understood to have been sounded out. However, any candidate will need the support of the Guinness Peat board and Lord Kissin which could be difficult. Lord Kissin has shown no interest in returning in an executive role, but is still anxious that the group should be given the sort of leadership and direction which will inspire the staff, many of whom remain loyal to him personally.

Since the possibility of a partial bid was announced in December, the Guinness Peat share price has gyrated. Last night it closed 2p lower at 93p.

WESTERN SELCTN.

Western Selection and Development has agreed, subject to contract, to sell its wholly owned subsidiary British Patent Glazing Company to Aluminium and Timber Securities. The sale price will be based on the net asset value of BPG as at September 30 1981, and is subject to agreement between the parties.

Holden board not told of IP purchase

Arthur Holden, the specialist surface coating manufacturer, yesterday responded quickly to the acquisition of a 12 per cent stake in the company by International Paint, a subsidiary of Courtaulds.

Holden said that the purchase was made without "the knowledge or consent of the directors of Holden." The company said that the directors of Holden "wish to state that they do not share the belief of IP in the desirability of a closer relationship between the two companies."

SOGOMANA IN LAND TALKS

Sogomana Group says it is negotiating with a Malaysian company for the sale of 527 acres of Shelford Estate at a price of approximately M$35m (£8.1m). These negotiations are at an early stage and completion would be subject to approval of the Malaysian authorities.

ESPLEY-TYAS/ QUEEN STREET

Espley-Tyas, property group, has received acceptances to its offer (including those not valid in all respects) in respect of 13,530,216 ordinary shares in Queen Street Warehouse (Holdings) (88.63 per cent). The offer is now closed.

UNITED CARRIERS PARCELS EXPRESS

United Carriers has purchased the outstanding 76 per cent interest in Parcels Express from Greater Manchester Passenger Transport Executive together with the freehold premises from which Parcels Express operates at Parrs Wood, East Didsbury, Manchester.

The total consideration is satisfied by 317,202 ordinary shares which have been placed on behalf of the vendors to realise £480,000 net.

ARBUTHNOT LATHAM

The recommended offers made by County Bank on behalf of Dow Scandia for Arbuthnot Latham Holdings were declared unconditional in all respects on November 19 1981.

Dow Scandia has announced that, having received sufficient acceptances in respect of its offer for the 6 per cent cumulative preference shares of ALH, it intends to exercise the powers conferred by section 209 of the Companies Act 1948 to acquire compulsorily all the outstanding preference shares of ALH.

All the offers remain open for acceptance until further notice.

PERMANENT GP.

Mr Philip Baldwin, of Price Waterhouse, as receiver of Permanent Houses Group has concluded the sale of two of its haulage subsidiaries.

The companies, Himpsold Haulage and Permatrans, have been sold for an undisclosed sum to Peter Ford Transport. All three companies are based in Gloucester.

The Permanent Houses Group went into receivership in October 1981.

MIDLAND NEWS

The listing of Midland News Association's 8 per cent cumulative preference shares has been cancelled—more than 86 per cent have been acquired by Claverley Company. Application to make specific bargains in the shares under Rule 163 (2) may be submitted.

LONDON TRADED OPTIONS

Jan. 7 Total Contracts 1,792. Calls 1,626. Puts 166.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	300	9	281	20	3	34	—	300p
BP (c)	320	3	2	—	—	—	—	"
BP (c)	330	—	—	11	1	18	1	"
BP (p)	300	8	10	20	5	30	—	"
BP (p)	360	—	—	70	—	72	5	"
CU (c)	120	8	—	16	4	29	—	126p
CU (c)	130	4	—	9	5	16	—	"
Cons. Gld (c)	460	25	5	40	15	62	—	470p
Cons. Gld (c)	500	5	—	22	32	49	25	"
Cons. Gld (p)	420	1	—	7	16	—	—	"
Cons. Gld (p)	450	10	—	24	2	33	—	"
Ctlds. (c)	60	16	40	20	8	25	—	76p
Ctlds. (c)	80	1½	125	4	101	8	25	"
GEC (c)	800	22	41	47	8	67	—	804p
GEC (c)	850	5	—	20	2	37	20	"
GEC (p)	750	4	25	12	—	22	—	"
GEC (p)	850	47	6	57	—	55	—	"
Gr'd Met. (c)	160	23	7	29	7	34	2	181p
Gr'd Met. (c)	200	1½	—	5	—	13	2	"
Gr'd Met. (p)	200	21	1	24	—	25	—	"
ICI (c)	240	60	—	70	—	80	8	295p
ICI (c)	260	40	5	50	—	60	—	"
ICI (c)	280	20	7	31	2	45	5	"
ICI (c)	300	5	52	17	5	30	—	"
ICI (c)	330	¾	10	—	—	—	—	"
ICI (p)	300	10	—	18	3	22	—	"
Land Sec. (c)	330	—	—	8	40	13	—	333p
Land Sec. (c)	360	1	20	—	—	—	—	"
Mks & Sp. (c)	120	10	30	16	—	20½	—	129p
Shell (c)	390	9	10	26	11	38	—	390p
Shell (p)	330	1	—	5	25	6	—	"
Shell (p)	390	9	—	22	30	32	—	"
Shell (p)	420	34	—	38	1	42	—	"
		February		May		August		
Imperial (c)	60	11½	14	12½	—	15	—	70p
Imperial (c)	70	5½	35	7	33	10½	3	"
Imperial (c)	80	1½	—	3	5	5	15	"
Imperial (p)	80	11½	—	13	—	14½	2	"
Lasmo (c)	420	15	—	35	4	55	—	392p
Lasmo (c)	460	10	1	23	—	35	1	"
Lasmo (c)	500	6	2	15	—	22	—	"
Lasmo (c)	550	3	5	10	—	—	—	"
Lonrho (c)	70	12	1	14	—	16	—	80p
Lonrho (c)	80	4	65	6½	24	11	—	"
Lonrho (c)	90	1	22	3	10	5	—	"
Lonrho (p)	70	2	10	3½	—	7	—	"
P & O (c)	100	39	3	45	4	—	—	134p
P & O (c)	110	29	4	34	—	—	—	"
P & O (c)	120	22	54	27	—	33	2	"
P & O (c)	130	17	50	21	17	26	—	"
P & O (c)	140	11	82	17	54	—	—	"
Racal (c)	420	25	3	45	—	58	—	430p
Racal (c)	500	4	—	13	10	—	—	"
Racal (p)	420	15	1	20	1	28	—	429p
RTZ (c)	460	13	2	27	6	40	—	"
RTZ (c)	500	8	—	17	59	27	1	"
RTZ (c)	550	2	1	11	—	—	—	"
RTZ (c)	600	1	59	7	—	—	—	"
RTZ (p)	420	13	5	17	—	24	—	"
RTZ (p)	460	40	—	45	6	50	—	"
Vaal Rfs (c)	60	6¾	—	9	5	11	—	$66
Vaal Rfs. (p)	60	1½	12	3¾	—	5½	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	—	—	8	30	—	—	$397
GOLD C	$425	14	4	10	16	52	26	"
GOLD C	$450	1	2	15	11 B	—	—	"
GOLD C	$475	20	1.10	6	6.50	—	—	"
GOLD P	$375	20	4.50	9	10 B	—	—	"
GOLD P	$400	3	16 A	3	20 B	—	—	"
GOLD P	F.425	3	31	—	—	—	—	"
GOLD P	F.450	—	—	1	51	—	—	"
12¾ NL 81 87-91								
C F.105		45	2.50	—	—	—	—	F.106.70
C F.102.50		—	—	—	—	50	2	"
P F.105		—	—	100	1	—	—	"
10¾ NL 80 86-95								
C F.92.50		10	5	—	—	—	—	F.97
C F.97.50		—	—	200	1.50	50	2.50	"
P F.97.50		—	—	200	1.50	—	—	"
		Jan.		April		July		
ABN C	F.300	—	—	62	3	5	8	F.278
AKZO C	F.22.50	—	—	12	2	—	—	F.23.10
AKZO C	F.25	10	0.10	124	1	34	1.60	"
AKZO P	F.25	—	—	5	2.10	—	—	"
AMRO C	F.55	—	—	5	1.50	—	—	F.52.10
KODA C	$70	5	1⅝	—	—	—	—	$71⅛
HEIN C	F.50	—	—	8	1.70	—	—	F.47.60
HEIN C	F.55	—	—	15	0.70	—	—	"
HEIN P	F.45	50	0.20	10	1.50	—	—	"
HOOG C	F.17.50	—	—	130	0.80 B	—	—	F.16.10
KLM C	F.90	57	2.50	28	9	—	—	F.91.50
KLM C	F.100	28	0.20	49	5.30	—	—	"
KLM C	F.110	—	—	30	2.90	—	—	"
KLM C	F.120	—	—	40	1.30	—	—	"
KLM P	F.80	—	—	10	1	—	—	"
KLM P	F.90	103	0.90	53	3.90	—	—	"
KLM P	F.100	32	10	21	10.50 B	—	—	"
NEDL C	F.130	6	7	—	—	—	—	F.136
NEDL C	F.150	—	—	10	2.70	—	—	"
NEDL P	F.130	—	—	54	1.70	—	—	"
NEDL P	F.140	63	4.80 A	7	5.50 B	—	—	"
NEDL P	F.160	6	15 B	—	—	—	—	"
NATN P	F.105	—	—	—	—	11	1.50	F.106.70
PHIL C	F.17.50	20	3.60 A	—	—	75	4.30	F.21.10
PHIL C	F.20	773	1	496	1.90	72	2.20	"
PHIL C	F.22.50	110	0.10	516	0.80	162	1.10	"
PHIL C	F.25	—	—	320	0.40	—	—	"
PHIL P	Fr.20	32	0.10	113	0.50	15	0.90	"
PHIL P	F.22.50	25	1.80	59	1.60	120	2.20	"
PHIL P	F.25	5	3.90	—	—	—	—	"
RD C	F.70	30	13.80 A	—	—	—	—	F.83.60
RD C	F.80	35	4.20	85	7.50	—	—	"
RD C	F.90	160	0.20	26	3.30	18	4	"
RD C	F.100	—	—	12	1.20	7	1.90	"
RD P	F.80	54	0.40	80	1.90	—	—	"
RD P	F.90	96	6.50	42	7.50	62	8.30	"
UNIL C	F.150	10	0.90	—	—	—	—	F.148.50
		Feb.		May		Aug.		
SLUM C	$55	5	1¾	—	—	—	—	$51⅝
VW C	DM.150	—	—	5	2.40	—	—	DM152.50

TOTAL VOLUME IN CONTRACTS: 5551

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
American Express Bk.	14½%	■ Hambros Bank	14½%
Amro Bank	14½%	Heritable & Gen. Trust	14½%
Henry Ansbacher	14½%	■ Hill Samuel	§14½%
Arbuthnot Latham	14½%	C. Hoare & Co.	†14½%
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14½%
Banco de Bilbao	14½%	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14½%	Mallinhall Limited	14½%
Bank of Cyprus	14½%	Edward Manson & Co.	15½%
Bank Street Sec. Ltd.	16 %	Midland Bank	14½%
Bank of N.S.W.	14½%	■ Samuel Montagu	14½%
Banque Belge Ltd.	14½%	■ Morgan Grenfell	14½%
Banque du Rhone et de la Tamise S.A.	15 %	National Westminster	14½%
Barclays Bank	14½%	Norwich General Trust	14½%
Beneficial Trust Ltd.	15½%	P. S. Refson & Co.	14½%
Bremar Holdings Ltd.	15½%	Roxburghe Guarantee	15 %
Bristol & West Invest.	16 %	E. S. Schwab	14½%
Brit. Bank of Mid. East	14½%	Slavenburg's Bank	14½%
■ Brown Shipley	15 %	Standard Chartered	‖14½%
Canada Perm't Trust	15 %	Trade Dev. Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	14½%
Cayzer Ltd.	15 %	TCB Ltd.	14½%
Cedar Holdings	15 %	United Bank of Kuwait	14½%
■ Charterhouse Japhet	15 %	Whiteaway Laidlaw	15 %
Choulartons	15 %	Williams & Glyn's	14½%
Citibank Savings	¶15 %	Wintrust Secs. Ltd.	14½%
Clydesdale Bank	14½%	Yorkshire Bank	14½%
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.40%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13%, and over £50,000 13½%.
‡ Call deposits £1,000 and over 12¼%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

BANK RETURN

	Wednesday Jan. 6, 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public Deposits	40,059,372	— 5,376,535
Bankers Deposits	568,420,504	— 43,317,041
Reserve & other Accounts	1,515,781,944	— 133,476,142
	2,138,814,820	— 182,169,718
Assets		
Government Securities	361,075,069	— 108,610,000
Advances & other Accounts	1,015,120,785	— 24,575,795
Premises Equipment & other Secs.	755,794,673	— 32,717,667
Notes	6,558,479	— 16,240,956
Coin	265,814	— 25,267
	2,138,814,820	— 182,169,718
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,975,000,000	— 625,000,000
In Circulation	10,968,441,521	— 608,759,034
In Banking Department	6,558,479	— 16,240,966
Assets		
Government Debt	11,015,100	
Other Government Securities	7,738,066,916	+ 576,153,595
Other Securities	3,225,918,984	— 1,201,153,645
	10,975,000,000	— 625,000,000

Dispute over three ships threatens Reksten settlement

BY FAY GJESTER IN OSLO AND WILLIAM HALL, SHIPPING CORRESPONDENT

A DISPUTE over the future of the three remaining tankers in the troubled tanker fleet of the late Mr Hilmar Reksten, is threatening the preliminary agreement reached last month between Hambros Bank and the Norwegian authorities.

The deal involved nine of Reksten's fleet of 12 tankers being shared out among Hambros Bank, the Norwegian Guarantee Institute and the Aker shipbuilding group. In addition, Hambros, which was first priority mortgage lender on many of the vessels, agreed to inject about $25m of cash and the Norwegian authorities dropped plans to sue the merchant bank.

However, two creditors involved with the three remaining tankers not covered by the agreement (Octavian, Cyprian and Vespasian) have now indicated that they are not going to relinquish their right to sue Hambros Bank, which was involved in putting together the rescue of the Reksten fleet when it ran into financial difficulties in the mid-1970s.

It is understood that a condition of last month's agreement with Hambros was that all of Reksten's creditors would agree not to sue.

The creditors who may topple the settlement are two jointly-administered ship mortgage companies in Kristiansand—Redernes, Skibskreditforening and Norges Skipshypotekforenngi. Together with two other ship mortgage companies—one in Bergen, and one in Oslo—they have stakes in the three tankers.

The Kristiansand companies were not parties to the December agreement, nor does it offer them any compensation for the loss they are bound to take on the eventual sale of the Vespasian and Octavian, because of the severely depressed tanker market.

The cash and other payments promised by Hambros under the deal will go to the Guarantee Institute, which provided loan guarantees for the Reksten group, and Aker, another major creditor.

Of the four ship mortgage firms involved in the future of the three tankers, only the one in Bergen has definitely undertaken not to sue. Its stakes (in the Vespasian and Cyprian) are comparatively small. The Oslo company has not, so far, committed itself either way. It has large stakes in both ships.

The Kristiansand companies now hope to negotiate some arrangement which will reduce their potential loss. For its part the Norwegian Government has indicated that no government cash will be forthcoming.

$19m charge at Flexi-Van

BY OUR FINANCIAL STAFF

FLEXI-VAN the vehicle, trailer and container leasing group, disclosed that several planned charges against fourth quarter earnings will wipe out the gains expected from its previously announced sale of tax deductions and credits.

It plans to include in operating earnings for the quarter about $18m from this sale.

The planned charges amount to $18.8m. These result from adjustments that include the revaluation of certain assets to more accurately reflect realisable value and settlement expenses.

In 1980-81 the group earned $19.4m on sales of $191m.

Strong opening quarter at MGM Film

By Our Financial Staff

EARNINGS HAVE risen sharply in the first quarter at Metro-Goldwyn-Mayer Film but the company warns that the second quarter could be "severely impacted if" there is no upturn in the currently depressed gross takings at U.S. cinema box offices.

Mr Frank Rosenfelt, the chairman, said, however: "I am not unduly concerned since I believe the situation is a temporary one."

At the end of the first quarter, net earnings at MGM Film, which was set up in 1980 when the former Metro-Goldwyn-Mayer group was split into its constituent parts of hotel/casinos and film entertainments, have jumped from $5.6m to $9.8m or 20 cents a share, on sales of $208.4m against $33.7m. But this year takes in an unspecified contribution from United Artists Corporation, acquired for $380m last year.

Mr. Rosenfelt commented that box office sales of the U.S. cinema industry were "well below expectations," with MGM's three Christmas releases adversely affected.

He blamed the weak state of the U.S. box office on recent strikes in the industry and on "other labor problems" in the economy.

The company said its expanded film and television release schedule for 1982 is generating significant tax credits which will result in income tax benefits.

MGM Film arranged a $200m line of credit in connection with the purchase of United Artists and shareholders were told last year that its debts, which then included $179m of the United Artists financing, were tied to prime rate in the shape of short-term bank loans. Interest charges cut into net earnings.

U.S. Steel has taken over the 17th largest U.S. oil group. **Paul Betts** reports

Little cheer as Marathon battle ends

THERE WAS a conspicuous absence of confetti and champagne to mark the end of the two-month multi-billion dollar battle for Marathon Oil.

U.S. Steel yesterday completed the acquisition of a 51 per cent controlling stake in Marathon, paying $125 for each Marathon share. The country's leading steelmaker is to assume full control of Marathon by offering 12-year 12½ per cent senior notes with a current market value of more than $80 each for each remaining Marathon share.

But there seemed to be little revelry both at U.S. Steel and at Marathon headquarters after the hard fought victory over rival bidder Mobil, the country's second largest oil company which tried to the very last minute to stay in the takeover race. This was in sharp contrast to the midnight champagne brunch Du Pont threw when it triumphed over Mobil and Seagram last August in the earlier takeover battle for Conoco.

The lack of any kind of celebration reflected, in a sense, a feeling of deja vu on the part of the contestants in the Marathon battle. The takeover fight has dragged for two months, bogged down in courts, and clearly exhausted all parties.

But more significantly, it reflects the general uncertainties surrounding U.S. Steel's merger with Marathon and leaves the important question of what Mobil, hungry for acquisition in the U.S. oil industry, will do next.

For U.S. Steel the $6.4bn acquisition of the country's seventeenth largest oil company with major assets in Texas and in the North Sea marks perhaps the most dramatic event in the steel company's history since it was formed in 1901. It will create a new industrial giant with sales of more than $20bn a year, ranking twelfth in the Fortune magazine's list of the 500 largest U.S. groups just above Shell Oil of Houston.

For the steelmaker, the acquisition represents not only its biggest ever diversification but also a huge gamble. Mr David Roderick, the company's chairman, has on several occasions assured that the aquisition did not mean his company was reducing its commitment to steel. He has claimed the takeover will strengthen U.S. Steel and enhance its future profitability.

But the acquisition is an expensive one and will be difficult to digest. The combined companies will have a debt to capital ratio of around 45 per cent, which by Wall Street standards is very uncomfortable.

U.S. Steel will probably have to borrow about $1.5bn to finance the transaction as well as deplete the cash board built up from sales of various assets, including coal and property. The interest earned on these funds has sustained the company's profits.

Marathon, although rich in oil and gas assets, is not cash rich, like other oil groups relying on heavy capital spending.

U.S. Steel is also by definition a capital intensive company with large future capital requirements. These capital requirements will now place a strain o nthe combined companies' financial position as, according to several Wall Street estimates, they will suffer cash flow shortages which could grow to more than $1bn in the next three years.

> After Mobil's failure to convince Chief Justice Warren Burger to delay U.S. Steel's bid, the steelmaker yesterday bought 30m of the 52.9m Marathon shares tendered under its offer

The gamble for U.S. Steel is all the greater because of the uncertain prospects of oil company earnings. The past year have seen a flattening, and in many cases a decline, in earnings of major oil companies. U.S. Steel must now hope oil prices will start rising again as soon as possible.

Some people fear U.S. Steel will be forced to reduce its current commitment to steel. Others feel the steelmaker will be forced to sell off some assets to finance the transaction, including perhaps Marathon's interest in the Brae field in the North Sea or perhaps U.S. Steel's coal holdings.

Lurking in the background is the uncertainty of what Mobil will do next. Will it, as it has suggested, raid U.S. Steel by acquiring 25 per cent of the steel company's stock to force it eventually to trade off some of Marathon's best oil and gas assets?

For Mobil, the battle for Marathon has been another disappointment in a long list of similar failures to acquire a major U.S. oil company. The courts were responsible this time for Mobil's defeat. Although the issue has yet to be fully resolved, the courts, both at the lower and highest levels, have given a clear signal that they do not view favourably mergers of big oil companies on strong anti-trust grounds.

It seemed that with the Reagan Administration and a more lenient policy towards anti-trust in Washington, the time had come for a flood of major oil company combinations. But the legal establishment and indeed the regulatory agencies have proved far more rigid in the application of anti-trust laws than had been thought earlier. In some respects, the Reagan people appear to have been reconsidering and back tracking all along as the wave of merger fever increased at alarming pace.

Mobil's court setbacks will now probably put a cap, at least in the immediate future, on a renewed oil company merger wave. But if the courts dealt the death blow to Mobil's hopes of acquiring Marathon, they nonetheless made a precedent setting ruling which is likely to have major repercussions in future take-over battles.

The courts came down hard against the so-called sweetheart options Marathon granted U.S. Steel to lock in the friendly merger. This has been a practice, developed into a fine art by Marathon's investment banker, First Boston Corporation, which has been increasingly used in U.S. take-over battles.

What it amounts to is simply that a company threatened by hostile takeover gives a number of significant options either in shares or hard assets to the white knight of its choice. This, Mobil claimed, was illegal and unfair as it was clearly not in the best interest of shareholders because it prevented an open auction. The courts agreed with Mobil and as a result future takeover battles are likely to become far more open bidding contests.

Even though the general view is that the lid has been placed on future takeovers involving oil companies, Mobil remains a dark and unpredictable horse in the oil industry. No one is prepared to place their bets that Mobil will not look at some other company. Already the names of Superior Oil, Louisiana Land and Exploration, Getty Oil and Cities Service are being touted about. But this time, Mobil will probably attempt a friendly strategy rather than barge in as it has done unsuccessfully so far in the past two years.

French bank FRN raised to $400m

By Alan Friedman

FRANCE'S standing in the international capital markets received a boost yesterday as the $250m five-year floating rate note offer for Banque Francaise du Commerce Exterieur (BFCE) was increased to $400m because of strong demand.

The success of this issue—believed to be the largest floating rate note—was seen by bankers last night as dispelling lingering doubts expressed about the creditworthiness of France and French institutions since President Mitterrand took power.

The BFCE paper carries a margin of ¼ per cent above the mean of the bid and offer of six-month Eurodollar rates. The minimum coupon is 5¼ per cent. Lead-manager is Credit Suisse First Boston.

One of the reasons why the BFCE issue is going so well is the current lack of competition from other issues. In addition, the fixed-rate Eurobond market is in some difficulty as dealers try to find an appropriate trading level.

Prices of fixed-interest Eurodollar bonds continued to falter as European bankers looked for signals from the New York market of an upturn. The long U.S. Treasury bond market has dropped between 3 and 4 points this week and Fed funds were yesterday ¼ per cent higher at 12¼ per cent.

In the Japanese convertible bond sector, an $80 15-year issue is expected today for Nippon Electric Daiwa Securities is managing the offer

Nomura Securities said last night that it would be managing a Y20bn 12-year Samurai bond offer for Dow Chemical, the U.S. corporation. This will be the first time in two years that a non-Japanese company has been allowed to borrow on the Tokyo capital market through an unmortgaged debenture. The last such borrower was Sears Roebuck and Company.

Japanese to issue $800m in convertibles

By Our Euromarkets Staff

THE VOLUME of new Japanese convertible bond issues in the Eurodollar market is likely to be less than $800m in the first quarter of this year.

Although the new informal system of self-regulation among Japanese securities houses is not scheduled to begin until April, the securities companies have decided to agree among themselves on the flow of new issues for the January to March period. The $800m in volume will be made up of fewer than 20 issues, several of which are expected in the next fortnight.

From April the Japanese houses operating in the Euromarket will put into effect an agreed system of new issue control. The quarterly volume is expected to fall below the $1.5bn previously expected.

The new arrangements for self-regulation developed as a result of the slump in prices and heavy selling of last September. This slump hit the Japanese convertible sector after the decline of the Tokyo equity market and the appearance of an extremely heavy volume of new issues from Japanese companies.

AM International to cut wages and workforce

BY OUR FINANCIAL STAFF

AM INTERNATIONAL, the troubled U.S. office equipment maker, has cut the wages of all its domestic employees by 8 per cent in an attempt to conserve its cash flow. It also has taken steps to reduce its workforce.

The company, which ran up a $245m loss for its July 31 financial year, said the cut in wages was expected to continue until April 30. It plans to cut wages of its overseas employees by January 31, although it said it would review its position before April 30 to see if it could reduce the scale of the cuts in pay or even eliminate them.

AM plans to cut its workforce of 17,000 by 5 per cent and said this, combined with the pay reductions, would save it $24m in the next 12 months.

The company said that if it made "satisfactory progress" on resolving its financial problems it would seek to reimburse employees who are on its payroll at the end of this year for the wage cuts. The reimbursement to take place on December 31 1983 would consist of shares, cash or both.

Prudential acquires stake in Denver properties

BY OUR FINANCIAL STAFF

URBAN INVESTMENT and Development Company, a unit of Aetna Life and Casualty Company, and Miller-Davis Company, of Denver, have sold a major portion of their joint partnership interest in properties in Denver, Colorado, to Prudential Insurance Company of America for more than $500m. The price consisted of cash and existing mortgages on the property.

The properties being sold consist of the First of Denver Plaza Building, Petro-Lewis Tower, Arco Tower Marriott Hotel and City Center Four.

The transactions resulted in an after-tax profit to Aetna of about $30m in the fourth quarter of 1981 and will result in a further after-tax profit of between $26m and $29m in subsequent years.

Two parking garages are included in the transaction.

Urban and Miller-Davis plan to complete construction of the Arco Tower-Marriott Hotel building and City Center Four and will continue to manage all of the properties being sold.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday January 12.

Closing prices on January 7

Issue	Issued	Bid	Offer	Change on day	Change on week	Yield
U.S. DOLLAR STRAIGHTS						
[illegible]						
DEUTSCHE MARK STRAIGHTS						
[illegible]						
SWISS FRANC STRAIGHTS						
[illegible]						
YEN STRAIGHTS						
[illegible]						
OTHER STRAIGHTS						
[illegible]						
FLOATING RATE NOTES (Spread, Bid, Offer, C.dte, C.cpn, C.yld)						
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Buehrmann-Tetterode to write off Belgium unit

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH PAPER and packaging group, Buehrmann-Tetterode, is to write-off its investment in a Belgian subsidiary with the result that it will barely make a profit in 1981.

BT will set the full Fl 35m ($14m) after-tax write-down against last year's result and will therefore make a profit of only Fl 2m, compared with Fl 46.2m in 1980.

This sharp reversal has led the company to reduce its dividend to Fl 2.40 per share from Fl 5.60 the year before. BT has drawn partly on retained profits to meet the Fl 2.40 payment.

The Amsterdam Stock Exchange suspended trading in BT's shares when trading opened yesterday. They closed at Fl 35.70 on Wednesday.

BT initially expected that its Belgian subsidiary, Papeteries de Mont-Saint-Guibert (MSG), would break even in 1981 after several years of losses. But demand for the company's high quality board products collapsed in September as customers switched to lower priced alternatives. MSG has insufficient capacity to make the cheaper products profitable.

Energy costs also rose sharply and on the basis of its own studies and the advice of McKinsey, the U.S. consulting group, decided to write-off its investment to avoid sizeable continuing losses. Talks have begun with the Belgian Government to find a solution. The plant is expected to be shut.

BT succeeded in reducing MSG's losses after it was acquired in 1976 but the cumulative total is now about Fl 100m. MSG's plant south-east of Brussels specialises in kraft papers and liners for the corrugated board industry. BT recently carried out a substantial investment programme to modernise MSG's equipment.

This is the second time that BT has revised its profits forecast for 1981. It initially forecast profits unchanged at Fl 46.2m net in August but in November this forecast was downgraded.

BT is the most widely diversified of the Dutch paper and board manufacturers with interest in printing machinery and trading. It has up to now survived the industry's recession better than its Dutch competitors.

It expanded rapidly in the 1970s buying a large number of companies throughout Europe and increasing turnover from Fl 636m in 1970 to Fl 2.6bn in 1980.

Lauro line goes into partial receivership

By James Buxton in Rome

AN OFFICIAL commissioner is to be appointed to control the affairs of the Lauro shipping line, the Naples-based concern which is in serious financial difficulties.

This solution, a form of partial receivership, has been decided by the lines' creditor banks. They rejected the company proposal for the setting up of an external management committee which would run the company as not being sufficiently legally watertight. The banks will be included, with the company, in the new administration.

In return for the appointment of a commissioner the nine ships of the Lauro line which are currently impounded by creditors, two of them in foreign ports, will be released. Income from charters which the creditor banks have taken over will be returned to the company to enable it to solve its immediate cash-flow problems.

The object of the settlement agreed for the shipping line is to allow it to resume earning income from lucrative charters while its financial affairs are sorted out.

The line, which has about 20 ships, is in financial crisis because of the heavy interest charges, said to amount to L250bn a year on short-term debt of L100bn ($83m).

Viscosuisse sales up

Turnover of Viscosuisse, Switzerland's leading producer of synthetic fibres, last year exceeded both the 1980 figure of SwFr 425m ($237m) and the budget estimate for 1981. But the Rhône-Poulenc subsidiary failed to match 1980's operating profits. Net earnings last year came to SwFr 5.3m.

Norwegian cement group boosts 1981 earnings

BY OUR OSLO CORRESPONDENT

NORCEM, the Norwegian cement and building materials group which also has offshore interests, increased turnover and profits in 1981 and expects the improvement to continue this year.

Group profits for 1981 are estimated at NKr 40m to NKr 45m compared with NKr 10m in 1980, when Norcem passed its dividend. In addition, for the latest year Norcem has credited extraordinary income —including profits from share sales—totalling about NKr 30m net.

Turnover reached NKr 3.1bn, a gain of 16 per cent on a year earlier.

The cement division reduced capacity by 600,000 tonnes in 1981, following a 3 per cent fall in domestic deliveries to 1.6m tonnes. Exports of cement and clinker reached 3.9m tonnes. The switch from oil to coal-firing at the three cement plants permitted "significant" savings on operating costs.

A Saudi Arabian company in which Norcem has a 37.5 per cent stake reported "very positive" results in 1981.

The group's offshore division continued to grow, with Morco, an oil well drilling subsidiary, boosting turnover to NKr 150m from NKr 118m. Anchor Drilling Fluids, which provides engineering services, increased turnover to NKr 100m from NKr 70m.

Danish sugar group sees little change

By Hilary Barnes in Copenhagen

DE DANSKE Sukkerfabrikker expects earnings for the current year to April 30 to be in line with last year's result, when the group reported a profit before allocations and tax of DKr 337m ($46m).

It said in an interim report that the sugar beet harvest increased from 371,000 tonnes to 415,000 tonnes. Production from 265,000 tonnes would be sold to the EEC and a "reasonable economic return" was expected on the sale of surplus sugar to other countries.

EOE experiences sharp increase in activity

BY OUR AMSTERDAM CORRESPONDENT

BUSINESS on the European Option Exchange (EOE) rose sharply during 1981 and turnover exceeded 1m contracts a year.

Turnover in all option types rose 47 per cent to 1.04m. Average daily turnover increased to 4,125 options from 2,817 in 1980. This is still well below the 7,000 contracts a day the EOE originally hoped to reach within its first year of trading. But costs have been cut and the exchange now claims to be on the point of breaking even.

Dutch stock options continued to dominate the market accounting for 721,877 "calls," conferring the right to buy the underlying share, and 236,408 "puts," giving the right to sell. Philips accounted for a third of the Dutch option business.

Turnover of German options more than doubled to 10,438 but trading in U.S. options was halved to 16,959 contracts. Belgian and French options continued to account for only a small part of business, totalling 677 and 86 contracts respectively.

Turnover in gold options, introduced in April, amounted to 46,478 contracts while trading in the three options on Dutch State bonds amounted to 10,658 during the 26 days in which they were listed.

Sharp cut in jobs at Sigma Motor

By Bernard Simon in Johannesburg

SIGMA MOTOR, one of South Africa's largest vehicle manufacturers, has made large cuts and layoffs in its workforce amid signs of a difficult year ahead for the South African motor industry. Chrysler of the U.S. is a minority shareholder in Sigma, and Anglo American Corporation owns 75 per cent of the company.

About 500 Sigma workers have lost their jobs and another 348 temporarily laid off until the end of January. The layoffs are the result of higher productivity and a decision to halt manufacture of components, Sigma said.

However, some of the cuts are reliably understood to be connected with a sharp drop in the company's market share over the past year. Sigma assembles Mazda, Peugeot and Citroen cars and a number of commercial vehicles.

Its share of the car market slipped from 21.1 per cent in December, 1980, to around 15 per cent in October and November last year. Sigma's monthly car sales dropped by almost 1,200 vehicles over this period. Peugeot sales are understood to have fallen particularly fast.

Sales of passenger cars in South Africa are expected to fall from 300,000 units last year to around 270,000 this year. Demand for commercial vehicles is likely to drop further from about 150,000 in 1981 to little more than 125,000.

Malaysians set up second trading house on Japanese lines

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA has set up its second multi-national trading agency in less than two weeks. Called Mattra Corporation, it will have an authorised capital of 250m ringgit (U.S.$110m) and look for an annual turnover of around U.S.$675m.

Four major Malaysian groups are partners in the Mattra venture. They are Food Industries of Malaysia (FIMA), Kumpulan Perangsang, United Motor Works and Palmco Holdings.

The first two are government-owned agencies, involved in food processing and distribution and tin mining, a heavy machinery and vehicle group UMW and Palmco, a palm oil producer, are Chinese-controlled publicly listed companies.

The first Malaysian government-approved joint-venture multi-national trading agency, Nastra, was incorporated last month, with four other major Malaysian companies taking equity participation in the venture.

Both Nastra and Mattra are based along the lines of the sogo-shosha, Japan's mammoth trading organisations and they are expected to set up offices in various world cities to buy and sell a variety of goods.

Apart from Nastra and Mattra, the Government is expected to approve another two or three similar trading units.

These units are expected to be incorporated in the coming weeks with Sime Darby, the plantation group and Multi-Purpose Holdings, the Chinese investment group.

Malaysia Building Society plans increase in capital

BY OUR KUALA LUMPUR CORRESPONDENT

A SCRIP and rights issue is announced by Malaysia Building Society Berhad (MBSB), the leading Malaysian housing financier. The increase in capital is to support its planned expansion in operations.

The company, in which the Commonwealth Development Corporation, a UK Government agency, has a 23 per cent stake, said it would make a one-for-three scrip issue and a one-for-three rights issue to raise its paid-up capital from 46m ringgit to 76.6m ringgit (U.S.$34m).

The rights issue for the 1 ringgit par value shares is priced at 2.9 ringgit, and will raise 44.4m ringgit.

The increase in the capital base would allow the company to borrow more money from the Government and its institutions for housing activities. Its borrowings stood at 540.4m ringgit at December 31, 1980.

For the year ended that date, MBSB made a pre-tax profit of 26m ringgit, and had total mortgages outstanding of 752.2m ringgit.

KL Stock Exchange censures food group

By Our Kuala Lumpur Correspondent

THE KUALA LUMPUR Stock Exchange has censured a leading drinks and food manufacturer, Yeo Hiap Seng (Malaysia), for its profit forecast.

The company disclosed recently that its pre-tax profit for the year ended September fell by 57 per cent to 4.6m ringgit (US$2m) on a turnover which rose by almost 30 per cent to 120m ringgit.

In it letter, the exchange pointed out that YHS had a pre-tax profit of 3.6m ringgit for the first six months ended March. In June, the company announced a rights issue of one-for-two at 2 ringgit each, and directors then predicted that to company's full year earnings would not be less than 10m ringgit.

The exchange said when this forecast was made, YHS was already entering its final quarter, and the exchange asked how directors could make such a forecast which then fell short of the actual earnings by more than 5.5m ringgit.

Under its rules, the exchange can suspend the company if the reply is not satisfactory. However, such action is unlikely.

Saga Petrokjemi

EARLY last year Saga Petroleum offered to buy out the minority shareholders in its Saga Petrokjemi subsidiary. It was wrongly reported yesterday that Saga Petroleum had offered to sell its Petrokjemi stake to minority holders.

£4m hospital work for Sindall

A £4m contract has been awarded to SINDALL CONSTRUCTION by the East Anglian Regional Health Authority for Phase II of the new District General Hospital at Great Yarmouth. The architect is McDonald Hamilton and Montefiore. The contract is due to start on February 1 and should be completed by the end of 1984.

*

LOGAN COMPANY has won a £580,000 order for a carousel two-way tilting tray sortation system for Freemans, the mail order company. The system will be installed at Freemans' distribution centre, Peterborough. Merchandise is distributed to 108 unload stations throughout the 120,000 square metre two-level storage warehouse. The tilt-tray sorting machine has a throughput capacity of 9,000 units per hour, and sorting speed is 102 metres per minute.

*

LAWSON, Acton-based building contractor, is to build a block of four-bedroom town houses on the site of the old St James Church in Fulham, West London. The contract, worth about £360,000, was awarded by Site Improvements (Developments). Another project worth £130.000 is to carry out an extensive refurbishment of 7 Albermarle Street, Piccadilly, a building listed (Grade II) by the Historic Buildings Committee of the GLC.

*

JACKSON ASSOCIATES, Chichester, computer software and bureau company, has won a contract to supply Charles Letts and Co., diary, travel and educational publishers, with a range of computer services over the next three years. The agreement, which could be worth £300,000 per annum, will cover on-line computer bureau processing, the design of Letts' new on-line interactive system, facilities management in respect of the London computer operation, together with some consultancy services. The main applications that Jackson's team will develop deal with on-line order entry, sales ledger and order statistics. Letts' London office will be linked to Jackson Associates' Chichester computer installation, which consists of ICL 2946 equipment, with data entry and printing facilities at Letts' office.

International Computers has awarded Jackson Associates a contract to design and develop an investment management and stockbroker administration package—Investmaster. Both modules are interactive and on-line providing brokers with up-to-the-minute data on such items as valuations, stock situations, client transactions, capital gains assessments, commission analyses and contract note production. In addition, there are a full range of stockbroker accounting facilities.

IBR MICROCOMPUTERS, has the distribution rights on the 8000 Series version of the Micro-Modeller financial management system. This follows an exclusive agreement between IBR and the developer of MicroModeller, Intelligence (UK). The first batch of systems ordered by IBR has a retail value of £75,000.

*

More than £3m has been won by companies in the LOVELL CONSTRUCTION GROUP, the largest scheme going to Farrow which has a £1.4m contract to build a two-storey hospital at Brentwood, Essex for Selfahart Clinics.

At Bisley, Y. J. Lovell (Southern) is providing a £575,000 2,532 square metre factory for F. C. Brown (Steel Equipment). This will have an orthodox steel portal frame supporting a steel sandwich roof. The same company has won a £500,000 plus award to erect 12 houses and 18 flats for Brook Street Housing Association at Chertsey, Surrey.

Other jobs are a telephone exchange at Burgess Hill, West Sussex for British Telecom (£335,600); a three-storey office building in Winchester for ICFC Developments (£136,000); and a new car park at Salford Hospital, Greater Manchester, worth £72,600.

The ENERGY EQUIPMENT COMPANY, which became part of the Petrofina Group last year, has secured a £2.7m contract with the British Sugar Corporation for the plant at Bardney, Lincolnshire. The contract is to design, supply, deliver, instal and commission all ancillary equipment associated with a 130,000 lb/hr steam boiler working at 900 psi pressure. Equipment includes instrumentation, mechanical services, tankage, electrical works and insulation.

*

G. E. WALLIS AND SONS has been awarded a £1m contrast for alterations to the Old Post Office Savings Bank building at Blythe Road, London W14. Wallis has also been successful in gaining another PSA contract worth £350,000 for the re-roofing and refurbishment of the Neptune Hall at the National Maritime Museum, Park Row, Greenwich.

*

Orders valued at £650,000 have been won in the Republic of the Maldives and the Ivory Coast by the BRITISH AIRPORT EQUIPMENT GROUP, Leeds. BAE is a consortium of UK manufacturers in the airports market formed six years ago to win the largest possible share for the UK of the rapidly expanding market for airport equipment in "third world" airlines. It has recently been restructured to trade as a limited company and is now actively seeking additional UK members to extend further the range of capabilities it offers to developing airports. The Maldives order is for maintenance equipment valued at £500,000 for the recently opened Male International Airport. The equipment includes a security system, two fuel bowsers and a runway sweeper. A first order from Air Ivoire, the Ivory Coast domestic airline, is for a £100,000 ground support package.

*

TWINLOCK has been awarded the £22,000 contract for filing for the new British Airports Authority offices at Gatwick Airport London, due to be opened next month. The contract is part of a £500,000 order for furniture for the new building, which is being handled by PLUMB CONTRACTS, Coventry.

*

With the aid of an English Industrial Estates government grant, Lucas Aerospace is constructing a factory in Bradford for the manufacture of components for the aerospace and aircraft industries, and has appointed a Coventry-based company, PMD CHEMICALS to act as consultant engineers for the metal finishing facility, which will occupy 2,500 sq ft of the 80,000 sq ft total factory area. PMD equipment represents more than half the value of the £400,000 order for the metal finishing facility and comprises 13 modular plating lines. Other companies engaged by PMD to complete the contract are Plastic Construction, Birmingham, who are supplying the fume extraction system; Brightside Mechanical and Electrical Services Group, Birmingham, who are installing the air replacement system; Waste Treatment and Recovery, Birmingham, who are manufacturing the effluent treatment plant: and Lamacrest (Contracts), Harrogate, who are laying the acid-resistant flooring to the plating shop and effluent treatment areas. All additional ancillary items will be provided by PMD, ranging from vapour blasting and de-embrittlement ovens through to pH meters and hotplates, to give Lucas Aerospace a complete, turnkey package.

London and Northern win £3.4m order

LONDON AND NORTHERN GROUP companies in Scotland and North West England have been awarded contracts worth £3.4m.

A. Farquhar (Builders) has work in the Aberdeen area at £2.14m. A garage and showroom will be constructed for John Clark BMW (Special Cars) for £320,000 and a sports and leisure complex for Occidental of Britain Inc., at Bridge of Don in a £500,000 contract. Alteration work valued at £150,000 takes place at Albyn Terrace for Leigh Estates and for Shell UK a workshop and the second phase of groundwork for office extensions totalling £550,000. In addition Farquhar's has commenced the construction of 40,000 sq ft of warehouse accommodation at Palmerston Road, Aberdeen at a cost of £740,000.

In North West England, Border Engineering Contractors, Whitehaven, has been awarded contracts valued at £1.26m in a £736,832 contract for British Nuclear Fuels, to construct the graphite machining facility (Phase II) at Lillyhall, near Workington. At Egremont a contract to re-clad and undertake internal alterations at Wyndham School for Cumbria County Council has been awarded at £367,077 and Border will also carry out alterations and roofing at Ullswater School in Penrith for £61,259. William Huddleston and Sons, Border's subsidiary company in Morecambe, has a contract for Phase I in the centralisation of bus depots at Heysham Road, Lancaster at £86,235.

INTERNATIONAL APPOINTMENTS

Barings Far East posts

● BARING BROTHERS ASIA, Hong Kong, has appointed Mr Peter G. R. Dodds as deputy managing director, Mr Richard C. Kirby an assistant director in Hong Kong and Mr Lee Chee Kuon a manager in Singapore. Mr John E. Heskett, an executive director in Hong Kong, will be returning to Baring Brothers and Co in London at the end of January.

● Mr Machiel Termuelen, a Dutchman, has been named assistant to the managing director of MONTEDIPE, a Montedison company based in Milan. In addition to developing and implementing medium and long-term strategies for the purchasing and processing of raw materials and product selling, Mr Termuelen will keep contact between the international petroleum and petrochemical industries and Montedipe, which within the Montedison Group is in charge of petroleum refining, production and sales of basic chemicals and petrochemical intermediates.

● FIRST NATIONAL BOSTON CORPORATION and its principal subsidiary, the First National Bank of Boston, have elected Mr John G. McElwee a director of the corporation and the bank. He currently serves as president and director of the John Hancock Mutual Life Insurance Company.

● Mr J. Howard Hawke, chairman and chief executive officer of Bache Halsey Stuart Canada, has been appointed to the board of AERO ENERGY, Canadian-based oil and gas group.

● Dr Harold M. Hubbard has been named the permanent director of the SOLAR ENERGY RESEARCH INSTITUTE, Golden, Colorado.

● Mr Donald E. Nickelson, president and chief executive officer of Paine Webber Jackson and Curtis, and Mr John A. Wing, president and chief executive officer of the Chicago Corporation, have been elected to three-year terms on the CHICAGO BOARD OPTIONS EXCHANGE board of directors.

Others elected were: Mr Lawrence J. Blum, a market-maker and an incumbent on the CBOE board who currently serves as chairman of the executive committee, the exchange's highest elected member position; Mr Robert L. Cruikshank, a market-maker; Mr Ernest W. Naiditch, a market-maker and an incumbent.

Also elected were three new members of the nominating committee: Mr Daniel S. Curran, Mr Joseph S. Doherty and Mr E. Penny Dolnick, all market-makers.

● The DONALDSON CORPORATION has appointed Dr Peter E. Horn as managing director for Europe, located at European headquarters in Leuven, Belgium.

Notice of Redemption

Transocean Gulf Oil Company

8% Guaranteed Debentures Due 1984

(now Gulf Oil Corporation 8% Debentures Due 1984)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of December 1, 1969, under which the above-designated Debentures are issued, $157,000 aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on January 30, 1982 (herein sometimes referred to as the redemption date):

$1,000 Coupon Debentures Bearing the Prefix Letter M

492	1721	2883	3167	4862	5107	7441	9876	10126	13513	14535	15133	15709	16433	17356	24627
560	1732	2884	3259	4433	5114	7450	9802	11304	13529	14566	15157	15723	16710	17366	28315
619	1830	2982	3414	4439	5848	7775	9833	13019	13616	14559	15263	15732	16843	17550	28826
737	1958	2996	3576	4441	5952	7778	9494	13020	13634	14682	15290	15780	16966	17591	29618
939	2075	3025	3698	4448	5954	8787	9576	13402	13925	14695	15304	15934	17135	17598	29769
987	2321	3098	3760	4656	5979	8793	9594	13415	14146	14733	15456	15969	17283	17701	29857
1189	2419	3100	3782	4929	5991	8862	9607	13429	14178	14838	15600	16069	17289	19415	29990
1244	2454	3132	3863	4936	6006	8868	9624	13481	14214	14998	15688	16369	17319	19428	
1281	2464	3156	3883	4938	6019	8874	10098	13488	14239	15098	15692	16405	17327	21567	
1685	2858	3158	4382	4944	7499	8948	10125	13500	14447	15114	15696	16488	17330	21669	

The Debentures specified above are to be redeemed for the Sinking Fund (a) at Citibank, N.A. (formerly First National City Bank), Trustee under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London (Citibank House), Milan, Paris, and Citibank (Luxembourg) S.A., and Kredietbank S.A., Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on January 30, 1982, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest from December 1, 1981 to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue. Upon presentation and surrender of such Debentures with the December 1, 1982 coupon and all coupons appertaining thereto maturing thereafter, payment of principal plus accrued interest aggregating $1,018.11 for each $1,000 Debenture will be made out of funds to be deposited with the Trustee.

The amount of any missing unmatured coupons will be deducted from the sum due for payment.

Gulf Oil Corporation

By: CITIBANK, N.A., as Trustee

December 29, 1981.

NOTICE

The following Debentures previously called for redemption through operation of the Sinking Fund have not as yet been presented for payment.

DEBENTURES CALLED JANUARY 30, 1977

195	409	1634	2348	2375	3898	3993	4097	4385	7649	11088	14948	16396	17002	19324
198	487	1647	2349	2376	3906	4000	4119	4386	9226	11089	14999	16846	18720	20310
349	907	1651	2353	2379	3945	4011	4121	4401	9231	11213	15000	16352	18721	21809
350	910	2303	2355	2395	3946	4043	4143	7639	10304	11239	16181	16373	19306	22493
351	911	2325	2356	3385	3950	4074	4155	7640	10306	11247	16333	16974	19313	22506
355	1299	2329	2364	3890	3958	4075	4178	7648	10959	11289	16385	16996	19318	

DEBENTURES CALLED JANUARY 30, 1978

148	668	1643	3360	4017	4151	6775	7612	9229	10261	11218	16346	19568	20075	20427	20480	22500
196	812	1758	3923	4018	4164	7082	7619	9233	10262	11244	16375	19573	20089	20429	20481	22508
200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
202	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
411	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
442	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
463	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
521	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
524	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Companies and Markets

CURRENCIES, MONEY and GOLD

$ and £ strong

Dollar showed a firmer trend as Eurodollar interest rates rose, and the Federal funds overnight rate increased to 12½ per cent in early New York trading. The foreign exchange market was very quiet however, with most currencies moving within a narrow range.

Sterling improved, gaining ground against Continental currencies, and only easing slightly against the strong dollar.

Currencies recorded little movement within the European Monetary System, apart from a weakening of the Irish punt. Market sources suggested that there is also nervousness about the Belgian franc, which remained the weakest EMS member.

DOLLAR — Trade-weighted index (Bank of England) 107.6 against 106.8 on Wednesday and 110.4 six months ago. Three month Treasury bills 11.66 per cent (14.60 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month)—The dollar rose to DM 2.2615 from DM 2.2465 against the D-mark; to FFr 5.7425 from FFr 5.7060 against the French franc; to SwFr 1.8310 from SwFr 1.8090 in terms of the Swiss franc; and to Y222 from Y219.60 against the yen.

STERLING — Trade-weighted index 91.7 against 91.6 at noon and at the opening, and 91.5 at previous close (93.5 six months ago). Three-month interbank 15½ per cent (13⅞ per cent six months ago). Annual inflation rate 12 per cent (11.7 per cent previous month)—The pound opened at $1.9145-1.9155, and fell to a low of $1.9110-1.9120 in the morning. Demand for sterling pushed it to a peak of $1.9200-1.9210 in late trading, and it closed at $1.9195-1.9205, a fall of 40 points on the day. The pound rose to DM 4.3450 from DM 4.3250; to FFr 11.0250 from FFr 10.9775; to SwFr 3.5175 from SwFr 3.4825; and to Y426.50 from Y422.50.

D-MARK — EMS member (second weakest). Trade-weighted index 122.4 against 122.6 on Wednesday and 115.6 six months ago. Three-month interbank 10.35 per cent (12.375 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month). The D-mark rose against three of its EMS partners at the Frankfurt fixing, weakened against one, and was unchanged against two. The Bundesbank sold $9.7m when the dollar rose to DM 2.2625 from DM 2.2479. Sterling rose to DM 4.3320 from DM 4.3240. In terms of the D-mark the guilder improved to 91.21 per 100 from 91.13, while the French franc and Italian lira were unchanged.

JAPANESE YEN — Trade-weighted index 143.9 against 144.9 on Wednesday and 141.7 six months ago. Three-month bills 6.53125 per cent (7.46875 per cent six months ago). Annual inflation 3.6 per cent (4.1 per cent previous month)—The yen weakened against the dollar in Tokyo, and may have received some support from the Bank of Japan. After touching a peak of Y221.25, the U.S. currency finished at Y221.10, compared with Y218.85 on Wednesday.

FRENCH FRANC—EMS member (strongest). Trade-weighted index 80.7 against 80.8 on Wednesday and 83.5 six months ago. Three-month interbank 15 per cent (17¾ per cent six months ago). Annual inflation 14.3 per cent (14.1 per cent previous month).—The franc improved against four of its EMS partners and weakened against two at the Paris fixing. It also lost ground to the dollar and sterling, but rose against the Swiss franc. In terms of French francs the dollar was fixed at 5.7445 (5.7070).

THE POUND SPOT AND FORWARD

Jan 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9110-1.9210	1.9195-1.9205	0.35-0.25c pm	1.87	0.77-0.67 pm	1.50
Canada	2.2710-2.2810	2.2795-2.2805	0.12-0.02c pm	0.37	0.05pm-0.15d	-0.09
Nethlnd.	4.74-4.77½	4.76-4.77	2-1½c pm	4.41	5¼-4¾ pm	4.30
Belgium	73.70-74.10	74.00-74.10	85-105c dis	-15.38	200-230dis	-11.61
Denmark	14.12-14.18	14.17-14.18	4-3ore pm	2.96	5¼-4 pm	1.34
Ireland	1.2190-1.2275	1.2255-1.2270	0.19-0.31p dis	-2.45	0.75-0.95dis	-2.89
W. Ger.	4.32-4.35½	4.34-4.35	2-1½pf pm	4.83	5½-4½ pm	4.72
Portugal	125.00-126.00	125.70-126.00	25-185c dis	-10.01	70-405 dis	-7.55
Spain	186.20-187.50	187.20-187.40	15-45c dis	-1.92	70-110 dis	-1.92
Italy	2,315-2,325	2,322-2,325	10½-13½ lire dis	-6.32	42½-46½dis	-7.62
Norway	11.13-11.19	11.18-11.19	2-1ore pm	1.47	5¼-4¼ pm	1.70
France	10.98-11.03	11.02-11.03	par-1c dis	-0.54	3-4 dis	-1.27
Sweden	10.62-10.69	10.67¼-10.68¼	2¼-1¼ore pm	2.11	6¼-5¼ pm	2.25
Japan	420-428	426-427	5.50-5.20y pm	15.05	10.70-10.30pm	9.85
Austria	30.30-30.45	30.40-30.45	15½-10½gro pm	5.13	43-33 pm	4.99
Switz.	3.49½-3.52½	3.51¼-3.52¼	2¼-1¼c pm	6.40	6¼-5¼ pm	6.25

Belgian rate is for convertible francs. Financial franc 81.95-82.05. Six-month forward dollar 0.80-0.70c pm. 12-month 1.05-0.90c pm.

THE DOLLAR SPOT AND FORWARD

Jan 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9110-1.9210	1.9195-1.9205	0.35-0.25c pm	1.87	0.77-0.67 pm	1.50
Ireland†	1.5615-1.5650	1.5615-1.5635	0.42-0.52c pm	4.38	1.80-1.60 pm	4.32
Canada	1.1870-1.1880	1.1878-1.1882	0.15-0.19c dis	-1.72	0.41-0.46dis	-1.46
Nethlnd.	2.4700-2.4860	2.4820-2.4850	0.60-0.50c pm	2.66	1.81-1.71 pm	2.84
Belgium	38.53-38.59	38.55-38.57	29-34c dis	-9.80	84-94 dis	-9.61
Denmark	7.3770-7.3925	7.3875-7.3925	¼-¼ore pm	1.02	0.35-0.85dis	-0.32
W. Ger.	2.2580-2.2660	2.2610-2.2620	0.62-0.57pf pm	3.16	1.97-1.92 pm	3.44
Portugal	65.40-65.70	65.45-65.65	25-105c dis	-11.90	65-225 dis	-8.86
Spain	97.25-97.60	97.50-97.55	25-35c dis	-3.69	75-95 dis	-3.49
Italy	1,209¼-1,211	1,209½-1,210½	8½-9 lire dis	-8.56	27-29 dis	-9.25
Norway	5.8220-5.8350	5.8250-5.8250	0.50-0.45ore pm	0.51	0.35ore pm-0.05d	0.10
France	5.7380-5.7500	5.7400-5.7450	0.95-1.10c dis	-2.14	3.80-4.20dis	-2.78
Sweden	5.5500-5.5650	5.5600-5.5650	0.20ore pm-par	0.21	1.00-0.80 pm	0.65
Japan	220.70-222.50	221.05-222.05	1.60-1.45y pm	8.24	4.00-3.85 pm	7.07
Austria	15.83-15.86	15.83½-15.84½	4½-3gro pm	2.74	14½-11½ pm	3.28
Switz.	1.8190-1.8340	1.8305-1.8315	0.96-0.76c pm	5.31	2.28-2.19 pm	4.89

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.7	-32.5
U.S. dollar	107.6	+1.1
Canadian dollar	88.6	-16.3
Austrian schilling	117.3	+24.9
Belgian franc	104.8	+7.6
Danish kroner	87.0	-10.6
Deutsche mark	122.4	+43.9
Swiss franc	152.4	+102.3
Guilder	114.8	+19.8
French franc	80.7	-14.5
Lira	55.5	-57.5
Yen	143.9	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.606009	0.564935
U.S. $	12	1.16594	1.08806
Canadian $	14.66	1.38234	1.29000
Austria Sch.	6¾	Unavail.	17.1043
Belgian F	14	44.6400	41.6401
Danish Kr	11	8.54561	7.97249
D mark	7½	2.62089	2.44485
Guilder	9	2.87495	2.68297
French Fr	9½	6.65345	6.20793
Lira	19	1401.92	1308.39
Yen	5½	254.678	238.505
Norwgn. Kr.	9	6.74613	6.29445
Spanish Pta	—	Unavail.	105.020
Swedish Kr	11	Unavail.	6.00283
Swiss Fr	6	2.09738	1.95579
Greek Dr'ch.	20½	—	62.3763

OTHER CURRENCIES

Jan. 7	£	$		Note Rates
Argentina Peso	19,067-19,107†	9,950-10,000†	Austria	30.20-30.50
Australia Dollar	1.7015-1.7035	0.8865-0.8900	Belgium	81.10-82.10
Brazil Cruzeiro	247.76-248.76	129.33-129.87	Denmark	14.08-14.22
Finland Markka	8.368-8.379	4.3610-4.3650	France	10.95-11.05
Greek Drachma	108.214-111.466	57.70-57.90	Germany	4.31-4.35
Hong Kong Dollar	10.91-10.98½	5.7275-5.7325	Italy	2290-2410
Iran Rial	151.50*	78.80*	Japan	423-437
KuwaitDinar(KD)	0.536-0.542	0.2818-0.2820	Netherlands	4.73-4.78
Luxembourg Fr.	74.00-74.10	38.55-38.57	Norway	11.10-11.30
Malaysia Dollar	4.29-4.30	2.2395-2.2415	Portugal	122-130
New Zealand Dlr.	2.3225-2.3265	1.2135-1.2145	Spain	185¾-195
Saudi Arab. Riyal	6.51-6.57	3.4190-3.4210	Sweden	10.62-10.68
Singapore Dollar	3.9125-3.9225	2.0425-2.0445	Switzerland	3.48½-3.52½
Sth. African Rand	1.8420-1.8440	0.9595-0.9605	United States	1.90½-1.92½
U.A.E. Dirham	7.00-7.05	3.6715-3.6735	Yugoslavia	86-93

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.6477	+2.18	+1.22	±1.5368
Danish Krone	7.91117	7.97825	+0.85	-0.11	±1.6412
German D-Mark	2.40989	2.44557	+1.48	+0.52	±1.1077
French Franc	6.17443	6.20716	+0.53	-0.43	±1.3733
Dutch Guilder	2.66382	2.69057	+0.63	-0.33	±1.5063
Irish Punt	0.684452	0.691665	+1.05	+0.09	±1.6688
Italian Lira	1300.67	1308.45	+0.60	+0.44	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 7 ... 0.564595

EXCHANGE CROSS RATES

Jan. 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.920	4.345	426.5	11.025	3.518	4.766	2324.	2.280	74.05
U.S. Dollar	0.521	1.	2.263	222.1	5.742	1.832	2.482	1210.	1.188	38.57
Deutschemark	0.230	0.442	1.	98.16	2.537	0.810	1.097	534.9	0.525	17.04
Japanese Yen 1,000	2.345	4.502	10.19	1000.	25.85	8.247	11.17	5449.	5.346	173.6
French Franc 10	0.907	1.741	3.941	386.8	10.	3.190	4.322	2108.	2.068	67.17
Swiss Franc	0.283	0.546	1.235	121.3	3.134	1.	1.355	660.7	0.648	21.05
Dutch Guilder	0.210	0.403	0.912	89.51	2.314	0.738	1.	487.7	0.478	15.54
Italian Lira 1,000	0.430	0.826	1.870	183.5	4.744	1.514	2.050	1000.	0.981	31.86
Canadian Dollar	0.439	0.842	1.906	187.1	4.836	1.543	2.090	1019.	1.	32.48
Belgian Franc 100	1.350	2.593	5.868	576.0	14.89	4.750	6.435	3138.	3.079	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 7)

3 months U.S. dollars	6 months U.S. dollars
bid 15 5/8, offer 15 3/4	bid 14 9/16, offer 14 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14½-14⅝	12½-12¾	11-13	10⅛-10¼	3-3½	9⅞-10	15-15¼	17½-19¼	17-27	5⅝-5⅞
7 days' notice	14¾-15	12⅝-12⅞	11-13	10¼-10½	3¾-4¼	9 15/16-10 1/16	15-15¼	18⅝-21	19½-26½	5⅞-6
Month	15⅛-15¼	13⅛-13⅜	14⅝-15	10 5/16-10 7/16	8 3/16-8 5/16	10⅛-10¼	15⅛-15⅜	20⅝-21⅞	28¼-33	6 5/16-6 7/16
Three months	15 7/16-15 9/16	13 5/16-13 7/16	14⅞-15¼	10 5/16-10 7/16	8 5/16-8 7/16	10¼-10⅜	16⅝-16⅞	22¾-23½	24-26¼	6 5/16-6 7/16
Six months	15 7/16-15 9/16	14½-14¾	16-16⅜	10⅜-10⅞	8 5/16-8 7/16	10¼-10⅜	17¾-18	23⅝-24⅜	24¼-25¼	6 5/16-6 7/16
One Year	15¼ 15½	14½-14¾	16 1/16-16 5/16	10 5/16-10 7/16	7⅞-8	10¼-10⅜	18⅛-18⅜	23⅜-24¼	20¼-22¼	6½-6⅞

SDR linked deposits: one month 12-12⅜ per cent; three months 12½-12⅞ per cent; six months 13⅛-13½ per cent; one year 13⅛-13½ per cent.

ECU linked deposits: one month 13¾-14⅛ per cent; three months 14½-14⅞ per cent; six months 14½-14⅞ per cent; one year 14⅜-14¾ per cent.

Asian $ (closing rates in Singapore): one month 13 5/16-13 7/16 per cent; three months 13 11/16-13 13/16 per cent; six months 14⅝-14¾ per cent; one year 14⅝-14¾ per cent. Long-term Eurodollar two years 15⅛-15½ per cent; three years 15¼-15½ per cent; four years 15⅜-15⅝ per cent; five years 15½-15¾ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.00-13.10 per cent; three months 13.35-13.45 per cent; six months 14.30-14.40 per cent; one year 14.30-14.50.

MONEY MARKETS

UK rates steady

London clearing bank base lending rates 14½ per cent (since December 4)

Short-term interest rates were little changed in London yesterday in relatively quiet trading. Despite a projected shortage of funds in the money market overnight money in the interbank market sank to a low of 5 per cent at the close, having opened at 14½-14¾ per cent. Money was quoted around 14 per cent at lunch time. Longer term rates were slightly easier where changed with one week money closing at 14⅝-14⅞ per cent compared with 14¾-14⅞ per cent and one month at 15⅛-15¼ per cent from 15 3/16-15 5/16 per cent while the three-month rate was steady around 15½ per cent.

The Bank of England gave an early forecast of a shortage of around £250m with bills maturing in official hands and a net take up of Treasury bills draining £235m and Exchequer transactions a further £175m. These were offset by a fall in the note circulation of £105m. The Bank gave assistance in the morning totalling £246m, comprising purchases of £10m of local authority bills in band 1 (up to 14 days) at 14⅞ per cent and £46m of eligible bank bills in band 1 at 14⅞ per cent. In band 2 (15-33 days) it bought £190m of eligible bank bills at 14¾-14 25/32 per cent. There was no further assistance given during the afternoon.

In Frankfurt credit policies and key lending rates were left unchanged after yesterday's meeting of the Bundesbank central council. No changes had been expected by the market. Call money was quoted at 10.10-10.30 per cent down from 10.30-10.40 per cent on Wednesday as short term funds remained in ample supply. There was no attempt by the authorities to drain reserves. The surplus of funds was partly attributed to banks' comfortable positions with regard to fulfilling reserve requirements and also a total of DM 15½bn in repurchase agreements currently running. However rates could firm if the authorities fail to replace one repurchase plan of DM 3.4bn, unwinding on January 12.

In Brussels the Belgian National Bank reduced rates on one-, two- and three-month Treasury bills all to 15 per cent. Previous rates were 15½ per cent for one-month, and 15¼ per cent on two- and three-month bills. Yesterday's move followed Monday's cut in the discount rate and Lombard rate and several reductions in Treasury bill rates over the past few weeks. Meanwhile in an attempt to fund this year's large budget deficit the Belgian Treasury announced a record rate of 14½ per cent on a new seven-year loan, hoping to raise between BFr 40bn and BFr 45bn.

GOLD

Further fall

Gold fell $5½ to $396½-397½ in the London bullion market yesterday. It opened at $397½-398½, the highest level of the day, and was fixed at $396.25 in the morning, and $396.50 in the afternoon. The metal touched a low point of $394½-395½, reflecting general European selling.

In Paris the 12½ kilo gold bar was fixed at FFr 75,000 per kilo ($406.04 per ounce) in the afternoon, compared with FFr 75,000 ($406.09) in the morning and FFr 74,700 ($407.11) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,950 per kilo ($398.00 per ounce) against DM 29,180 ($404.02) previously, and closed at $396-397 compared with $401½-402½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $396 per ounce, compared with $402.50.

In Zurich gold finished at $396-399, against $400-403.

	Jan. 7		Jan. 6	
Gold Bullion (fine ounce)				
Close	$396½-397½	(£206¾-207¼)	$402-403	(£208¾-209¼)
Opening	$397½-398½	(£207½-208)	$401¾-402¾	(£208½-209)
Morning fixing	$396.25	(£206.941)	$402	(£208.506)
Afternoon fixing	$396.50	(£206.963)	$401.50	(£208.680)
Gold Coins				
Krugerrand	$409-410	(£213½-214)	$413½-414½	(£215-215½)
1/2 Krugerrand	$210-211	(£109½-110)	$213-214	(£110¾-111¼)
1/4 Krugerrand	$105½-108½	(£55-56½)	$108½-109½	(£56½-57)
1/10 Krugerrand	$43¼-44¼	(£22½-23)	$44¼-45¼	(£23-23½)
Mapleleaf	$410-411	(£214-214½)	$414½-415½	(£215½-216)
New Sovereigns	$97-97½	(£50½-50¾)	$98½-99	(£51¼-51½)
King Sovereigns	$114-115	(£59½-60)	$115-116	(£59¾-60¼)
Victoria Sovs	$114-115	(£59½-60)	$115-116	(£59¾-60¼)
French 20s	$96-106	(£50-55¼)	$97-107	(£50½-55½)
50 pesos Mexico	$493-496	(£257¼-258¾)	$497-500	(£258½-260)
100 Cor. Austria	$387-390	(£202-203½)	$390-393	(£202¾-204¼)
$20 Eagles	$507-512	(£264½-267¼)	$510-515	(£265¼-267¾)

MONEY RATES

NEW YORK

Prime rate	15¾
Fed. funds	12⅜-12⅝
Treasury bills (13-week)	11.66
Treasury bills (26-week)	12.54

GERMANY

Special Lombard	10.50
Overnight rate	10.20
One month	10.70
Three months	10.55
Six months	10.40

FRANCE

Intervention rate	14.75
Overnight rate	15.25
One month	15.00
Three months	15.00
Six months	15.00

JAPAN

Discount rate	5.50
Call (unconditional)	6.625
Bill discount (three-month)	6.53125

LONDON MONEY RATES

Jan. 7 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-14¾	14-14½	—	—	14-14½	12-14¼	—	—	—
2 days notice	—	—	14⅝-14⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-14⅞	14¾-15	—	—	14⅞-15⅛	14-14⅜	—	—	—
One month	15¼-15 5/16	15⅛-15¼	15⅛	16¼-15⅞	15 5/16	15⅛	14½	14 5/16	14 9/16	15⅛
Two months	15⅜-15¼	15¼-15⅛	—	16¼-15⅞	15⅝	15⅜	14½	14 7/16	14 9/16	15½
Three months	15½-15⅜	15 7/16-15 9/16	15½	16⅛-15⅝	15⅝	15¾-15⅞	14⅛	14 7/16	14¾-14 13/16	15½
Six months	15½-15⅜	15½-15 9/16	16⅜	15⅜-15⅛	15⅝	—	—	—	14 7/16-14½	16
Nine months	15 7/16-15 …	15⅛-15⅝	—	15⅞-15⅝	15⅛	—	—	—	—	—
One year	15⅝-15¼	15 7/16-15 9/16	15⅜	15⅝-15⅜	15⅛	—	—	—	—	—
Two years	—	—	15⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15½ per cent; five years 15½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 13/16 per cent; four month trade bills 15⅝ per cent.

Approximate selling rate for one month Treasury bills 14 7/16 per cent; two months 14⅜ per cent; three months 14 7/16 per cent. Approximate selling rate for one month bank bills 14½ per cent; two months 14 9/16-14 19/32 per cent; and three months 14 11/16-14¾ per cent; one month trade bills 15¾ per cent; two months 15⅝ per cent; three months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.7813 per cent.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Fresh early Wall St decline

TAKING ITS CUE from a weakening Bond market, Wall Street lost fresh ground in a fair turnover yesterday morning.

The Dow Jones Industrial Average, having fallen 21¼ points over the past two days, was 5.81 weaker at 855.21 at 1 pm. The NYSE All Common index dipped 42 cents more to $68.76 and declines exceeded gains by a two-to-one margin. Trading volume decreased to 31.33m shares from Wednesday's 1 pm figure of 37.49m.

Analysts said both stocks and bonds are still reacting to bearish developments on the interest rate front, particularly Salomon Brothers' economist Henry Kaufman's prediction that rates will start moving higher by mid-year.

Concerns about the heavy schedule of Treasury financings in this quarter are also pushing bonds down, analysts said, and the bargains available in that market are drawing investors away from the stock market.

Declines were spread across the board, with Technology, Oil, Rail and Precious Metal stocks registering some of the more significant falls.

Oil stocks have been falling all week, reflecting predictions that crude oil prices will be lower this year.

MGIC Investment was the volume leader again and hardened ⅛ to $49⅛. The Wisconsin State Insurance Commission approved the company's merger into Baldwin-United for $52 a share. Baldwin receded $1 to $61.

U.S. Steel was off ⅞ to $28¼. The company was the victor in a struggle with Mobil to acquire Marathon Oil, and yesterday it purchased 30m Marathon shares. Mobil shed ⅜ to $23¾.

THE AMERICAN SE Market Value Index fell 3.09 further to 308.20 at 1 pm. Volume 2.82m shares (3.22m).

Closing prices for North America were not available for this edition.

Canada

A further sharp decline occurred on Canadian markets in another moderate early trade. The Toronto Composite Index was down 17.6 more at 1,883.1 at mid-day. The Oil and Gas index receded 61.2 to 3,500.0, Golds 52.7 to 2,772.5 and Metals and Minerals 23.8 to 1,768.3.

Greyhound Lines fell 1½ to C$20⅞, Camflo Mines 1½ to C$18⅜, Numac Oil and Gas C$1 to C$25¼ and Trans-Western Exploration 1⅞ to C$12⅝.

In active trading, Dome Petroleum shed ⅛ to C$13⅝ and Noranda ⅛ to C$21⅞.

Tokyo

The market retained an easier tendency in moderate activity, with scattered liquidation of margin positions taking place.

Wall Street's further decline overnight was a depressant, while sentiment was also dampened by gloomy prospects for Japanese exports due to trade conflicts with Western partners, stock analysts said.

The Nikkei-Dow Jones Average was only 6.38 lower at 7,691.22, but the Tokyo SE index was 1.89 weaker at 567.57. Turnover matched Wednesday's level of 280m shares.

Light Electricals, precision Instruments, Motors, Heavy Electrical Machines and some other leaders were easier but Non-ferrous Metals, Oils and Machine Tools were bought selectively.

Toyota Motor shed Y30 to Y1,000, Mitsubishi Elect Y8 to Y317, Canon Y12 to Y895, Sharp Y20 to Y790, Mitsubishi Heavy Y4 to Y246 and Tokyo Marine Y6 to Y504.

High Technology issues, such as Optical Fibres, Robot Makers and Synthetic Fibres, declined a little on profit-taking, while some recently strong Pharmaceuticals lost ground.

Kyoto Ceramic, Y4,050, relinquished Y90 of the recent sharp rise on its new ceramic engine.

Paris

With sentiment favourably influenced by Finance Minister Jacques Delors's goal of an annual inflation rate of 10 per cent by the last quarter of 1982, stock prices, after Wednesday's pause, resumed Tuesday's strong rally in an active session. The CAC General index climbed 2.4 to 92.3 and the Indicateur de Tendance index added 2.6 at 103.0.

Analysts said there had been some buying by Mutual Funds specialising in French stocks, and that market rumours of buying orders from foreign investors also fuelled the rally.

Advances outnumbered declines by six-to-one in the French section. The dollar premium closed at FFr 6.71-74 after having opened at FFr6.70-FFr 6.72.

Dealers noted that trading was unaffected by recent polls indicating employers' disillusion with the Government's economic policies.

Rises predominated in all sectors, although there was some selling among Motors and Transportation issues.

Radiotechnique featured with an advance of FFr 23 at FFr 220, while BSN Gervais Danone moved ahead FFr 85 to FFr 1,295 and Bouygues FFr 51 to FFr 1,050.

Hong Kong

Prices opened on a steady note yesterday following favourable Press comment, and generally gained ground later when some institutional support developed. The Hang Seng index improved 23.68 to 1,409.40, but turnover remained thin, totalling HK$197.40m on the four exchanges against the short Wednesday session amount of HK$119.48m.

Brokers commented that the market is bouncing within a trading range, with some institutions appearing to be mostly buying relatively cheap blue chips. They added that the upswing did not indicate a real trend, and that when turnover does increase it may be due to an influx of sellers.

Among the leaders, Jardine Matheson rose 60 cents to HK$19.90, Hutchison Whampoa 50 cents to HK$17.80, Cheung Kong 30 cents to HK$21.50 and HK Electric also 30 cents to HK$5.60. Elsewhere, China Light put on 30 cents to HK$13.70 and Swire Properties 30 cents to HK$7.30.

Germany

Uncertainty about U.S. interest rates coupled with weak West German Bond market sentiment, but brokers said their was foreign buying which left shares no worse than mixed.

On the Domestic Bond market, Public Authority Loans posted losses reaching 60 pfennigs. The Bundesbank bought DM 83.4m of paper after buying DM 14.9m the previous day.

Persistent sales this week of Schuldschiene Promissory Notes by the Federal Government, which yesterday offered maturities of eight-to-10 years yielding a maximum 10.1 per cent, are depressing the Bond market, dealers said.

Mark Eurobonds eased by a ⅛ of a point in quiet trading.

Australia

Shares were mainly softer, continuing Wednesday's declining trend, with Oil issues weakening afresh after a recent firming trend. The All Ordinaries index lost 3.7 at 583.1 and Oil and Gas 13.2 at 664.2.

Among Oils, Alliance shed 20 cents to A$1.60, Santos 24 cents to A$6.56, Vamgas 20 cents to A$11.09 and Claremont 4 cents to A$1.38.

CANADA

Stock	Jan. 6	Jan. 5
AMCA Int'l	25	23
Abitibi	20	20
Agnico Eagle	6¼	6½
Alcan Alumin	26⅝	26⅞
Algoma Steel	43	43¾
Asbestos	19	19
Bk. Montreal	23½	23⅞
Bk. Nova Scotia	26¾	27⅛
Basic Resources	4.00	4.50
Bell Canada	18¾	18¾
Bow Valley	18½	19¼
BP Canada	30½	31⅝
Brascan A	24	24
Brinco	5.87	6.00
B. C. Forest	12⅛	12⅛
CIL Inc.	34	34
CadillacFairview	13½	13¼
Camflo Mines	19⅝	19½
Can Cement	11⅛	11¼
Can N W Lands	34¼	34½
Can Packers	33½	33½
Can Trusco	28	29
Can Imp Bank	28¾	28⅝
Can Pacific	40½	40⅝
Can P. Ent.	18¼	17⅞
Can Tire	33	33
Chieftain	21⅛	22¼
Cominco	54	54½
Cons Bathst A	18½	18½
Cont. Bk. Canada	8⅛	8⅛
Costain	9⅛	9¼
Daon Devel	4.85	5.12
Denison Mines	32⅝	32½
Dome Mines	17⅞	17⅞
Dome Petroleum	13⅞	14⅜
Dom Foundries A	40¼	40½
Dom Stores	15¾	15¾
Domtar	21½	21½
FalconNickel	70	72
Genstar	23	23½
Gt.-West Life	243	243
Gulf Canada	17⅝	17¾
Gulfstream Res	5.87	5.75
Hawk Sid. Can	11⅝	11⅞
Hollinger Argus	30¾	30¾
Hudson Bay Mng	24⅜	24½
Hudson's Bay	21⅛	21⅛
do. Oil & Gas	50¾	50⅞
Husky Oil	10½	10¼
Imasco	40	39½
Imp Oil A	25⅜	25½
Inco	16⅝	16¾

BELGIUM (continued)

Jan. 7	Price Frs.	+ or —
Petrofina	4,515	—15
Royale Belge	4,700	+50
Soc. Gen. Banq	2,200	....
Soc. Gen. Belge	1,098	+10
Sofina	3,145	—20
Solvay	2,045	—25
Tracton Elect	2,380	+15
UCB	1,420	—20
Union Miniere	594	—4
Vieille Mont	1,316	—24

DENMARK

Jan. 7	Price %	+ or —
Andelsbanken	128.4	—0.6
Baltica Skand	353	—3
CopHandelsbank	137	....
D. Sukkerfab	342.6	+11.2
Danske Bank	137	....
East Asiatic	128.4	—1.2
Forende Berygg.	535	....
Forenede Damp.	386	—0.4
GNT Hldg	265	....
Jyske Bank	185	....
Nord Kabel	155	....
Novo Ind	1,400	—45
Papirfabrikker	91	....
Privatbanken	137.4	....
Provinsbanken	130	....
Smidth (Fl)	246	—1
S. Berendsen	472	+5
Superfos	141	+1.6

FRANCE

Jan. 7	Price Frs.	+ or —
Emprunt 4½% 1973	1,996	+6
Emprunt 7% 1973	6,990	—110
CNE 3%	2,835	+8
Air Liquide	465	+10
Aquitaine	157	+3.1
Au Printemps	115.5	—0.6
BIC	380	—6
Banq' Rothschild	211.5	+5
Bouygues	1,050	+51
BSN Gervais	1,295	+85
Carrefour	1,595	+19
Club Mediter	489	+14
CFAO	575	+13
CGE	325	+5

HOLLAND

Jan. 7	Price Fls.	+ or —
ACF Holding	69	—1.5
Ahold	62.9	—0.3
AKZO	23.1	+0.3
ABN	278	—3
AMEV	85	—0.5
AMRO	52	—0.6
Bredero Cert	185	....
Boss Kalis	59.7	—0.1
Buhrmann-Tet	35.7	....
Caland Hldgs	34.5	+0.5
Elsevier NDU	133.5	—0.5
Ennia	116	+0.5
Euro Comm Tst	74	....
Gist. Brocades	62	+0.5
Heineken	47.5	—0.5
Hoogovens	16.1	+0.6
Hunter Douglas	6.6	—0.1
Int-Muller	19.5	—0.1
KLM	91.3	+0.1
Naarde's	26.5	+0.5
Nat Ned cert	108.7	—0.3
Ned Cred Bank	33.5	—0.3
Ned Mid Bank	122.5	—5.3
Ned Lloyd	136	—1.7
Oce Grinten	65.5	—2.5
Ommeren (Van)	28.5	—0.4
Pakhoed	40	....
Phillips	21.1	+0.8
Rijn-Schelde	32.5	+0.5
Robeco	218	—1.5
Rodamco	118.5	+0.2
Rolinco	213.8	—1.2
Rorento	135.1	—0.3
Royal Dutch	83.5	—0.9
Slavenburg's	71.2	....
Tokyo Pac Hg	227	+2
Unilever	148.5	....
Viking Res.	133	+1
Vmf Stork	39.3	+0.6
VNU	49.2	+1.2
Volket-Stevin	28	—0.3
West Utr Bank	69.2	+0.2

ITALY

Jan. 7	Price Lire	+ or —
Assicur Gen	138,980	—4,075
Banca Com'le	35,000	+150
Bastogi Fin	204	....
Centrale	6,150	—330
Credito Varesino	7,900	—200
Fiat	1,559	—41

AUSTRALIA

Jan. 7	Price Aust. $	+ or —
ANZ Group	5.64	—0.02
Acrow Aust	1.40	....
Ampol Pet	1.68	—0.05
Assoc. Pulp Pap	1.88	—0.02
Audimco	0.12	....
Aust. Cons. Ind	1.75	....
Aust Guarant	2.52	....
Aust. Nat. Inds	3.12	—0.05
Aust. Paper	2.10	....
Bank NSW	2.96	—0.06
Blue Metal	1.70	....
Bond Hldgs	2.65	—0.05
Boral	3.20	—0.05
Bl'ville Copper	1.22	+0.02
Brambles Inds	2.50	—0.05
Bridge Oil	4.45	....
BHP	10.05	—0.05
Brunswick Oil	0.18	+0.01
CRA	2.68	—0.05
CSR	3.85	—0.05
Carlton & Utd	2.55	....
Castlemaine Tys.	3.7	—0.1
Cluff Oil (Aust)	0.69	....
Do. Opts	0.45	....
Cockburn Cemt.	1.29	....
Coles (G.J)	2.40	—0.05
Comalco	1.60	....
Container	6.40	....
Costain	2.85	+0.05
Crusader Oil	6.5	....
Dunlop	1.04	....
Elder Smith G M	4.40	....
Endeavour Res.	0.39	—0.01
Gen Pro Trust	1.82	....
Hartogen Energy	6.6	—0.1
Hooker	1.35	—0.08
ICI Aust	1.85	—0.01
Jennings	1.50	—0.08
Jimb'lana(50cFP)	0.50	....
Jones (D)	1.70	....
Kia Ora Gold	0.13	....
Leonard Oil	0.44	....
MIM	3.10	+0.05
Meekatharra Ms	8.48	+0.08
Meridian Oil	0.33	—0.01
Monarch Pet	0.15	—0.01
Myer Emp	1.65	—0.01
Nat. Bank	2.82	....
News	2.55	+0.15
Nicholas Int	1.38	....
North Bkn Hill	2.65	....
Oakbridge	1.98	—0.08
Otter Expel	1.15	....
Pancon	2.50	....
Pan Pacific	0.25	....
Pioneer Co	1.70	—0.05
Queen Marg't G.	0.21	....
Reckitt & Coln	2.40	....

JAPAN (continued)

Jan. 7	Price Yen	+ or —
Kubota	341	....
Kumgaai	380	—10
Kyoto Ceramic	4,050	—90
Lion	400	....
Maeda Cons	508	+1
Makita	871	—3
Marubeni	330	—5
Marudai	701	+5
Marui	935	—15
Matsushita	1,150	—10
M'ta Elec Works	600	—5
M'bishi Bank	487	+3
M'bishi Corp	633	....
M'bishi Elect	317	—8
M'bishiRl East	447	—3
MHI	246	—4
Mitsui Co	347	—1
Mitsui Rl Est	617	—3
Mitsu-koshi	413	—2
NGK Insulators	551	—8
Nippon Denso	1,020	—10
Nippon Gakki	701	+1
Nippon Meat	408	—4
Nippon Oil	1,020	+10
Nippon Shinpan	930	+15
Nippon Steel	174	+1
Nippon Suisan	274	+2
NTV	4,490	—50
Nissa Motor	816	—3
NisshinFlour	350	—8
Nisshin Steel	165	—2
Normura	573	—8
NYK	316	....
Olympus	1,040	—20
Orient	1,510	....
Pioneer	1,680	....
Renown	794	+1
Ricoh	622	—8
Sanyo Elect	458	—7
Sapporo	258	+2
Sekisui Prefab	769	+4
Sharp	790	—20
Shisiedo	840	....
Sony	3,830	+10
Stanley	380	+5
S'tomo Marine	295	—1
Taihei Dengyo	610	....
Taisei Corp	259	—4
TaishoPharm	606	—19
Takeda	1,010	....
TDK	3,490	+20
Teijin	247	—2
Teikoku Oil	808	+7
TBS	471	—6
Tokio Marine	504	—6
Tokyo Elect.Pwr.	939	+2
Tokyo Gas	116	+1
Tokyo Sanyo	465	....
Tokyu Corp	215	+1

THE PROPERTY MARKET BY MICHAEL CASSELL

Rohan to develop riverside site

ROHAN Developments, the UK arm of the Dublin-based Rohan Group, is to develop the 100,000 sq ft office building planned for part of Morgan Crucible's controversial riverside site in Battersea.

The future of the London site has provoked several local uprisings on the part of the Battersea community ever since Morgan closed down operations there and announced that it intended to redevelop the 10.7 acres of land involved.

Rohan was among a short-list of five or six developers drawn up by Morgan and it has already obtained detailed planing permission from Wandsworth for its proposals. The single building will occupy a 1½ acre site and will provide about 85,000 sq ft net of office floorspace. Work will begin later this year and should take about 18 months to complete.

Rohan, which will be purchasing the freehold of the land required for the office scheme, says it represents one of the most important riverside sites left in London and the scheme will offer a good headquarters location for a major company. There are, as yet, no tenants in mind for the building, which will lie alongside Battersea Bridge Road and is half a mile from Battersea heliport. Rohan, which is ready to sell the building on if a buyer comes along, has itself met site acquisition costs but is talking with potential funding partners for the office scheme.

The office complex forms part of the overall redevelopment proposed by Morgan—there have been two public inquiries into the future of the site—and the remainder of the land is to be given over to homes and a riverside walk. Wates, the housebuilders who have been involved in previous proposals for the site, are understood to be ready to announce an agreement to develop the housing.

The Battersea deal represents something of a milestone for Rohan, which has for two years been trying to diversify its UK operation away from the industrial sector. It is currently engaged on a small office project in Kent but the Battersea scheme is by far its largest office coup to date. The company is also looking at infill retail schemes and town centre projects of up to £25m.

According to John Taylor, the ex-British Land man who heads up the UK operation, he has had an eye on the Battersea site for two or three years, long before he joined Rohan. He is enthusiastic about the scheme's potential—refusing to accept that the south bank site represents a problematical location — and says the development will provide top quality space with ready access to the heart of London.

Though keenly aware of the site's troublesome history—more than one Morgan Crucible annual meeting has degenerated into unseemly slanging matches—Taylor does not foresee the reason for any further problems.

Rosehaugh goes shopping

THE CHOICE facing shareholders of London Shop Property Trust, currently the subject of a 135p a share bid from Godfrey Bradman's Rosehaugh, is by no means the clear-cut, "take it or leave it" option available in more normal circumstances.

Mr Bradman's bid coincided with London Shop's own announcement of a merger between itself and sister company, Beaumont Properties. So, as Mr Bradman put it this week, "London Shop shareholders can either opt for more of the same" which he reckons would result in the merged London Shop/Beaumont standing at a sizeable discount to asset value —"or take an option on Rosehaugh's management."

At the end of December, Rosehaugh bought a 31.4 per cent stake in London Shop—formerly held by McLeod Russell—and it is not thought to have done any buying since. Given the terms of the bid, it looks as though much will depend on the character and aspirations of London Shop shareholders, none of whom command an equity stake anywhere near the scale of Mr Bradman's.

London Shop has made no secret of the fact that it tends to buy, hold and to some extent deal in secondary shop properties. The company, and its merchant bankers Schroder Wagg, feel that this policy has been vindicated by an increase in net assets per share from 114p a share in April 1978 to 198p last December.

A spokesman for Schroder Wagg said this week that, given the breadth of the London Shop and Beaumont portfolios —"over 1,000 leases in both companies"—it would be a misrepresentation to call the portfolios themselves secondary, whatever their individual content.

In the same three and a half years during which London Shop has measured itself, however, Godfrey Bradman reckons that Rosehaugh has increased its own net assets per share from "5p or 6p" to a figure on which he will not yet be drawn —but which some stockbrokers analysts calculate could be as high as 280p a share.

This is probably not enough to swing the deal Rosehaugh's way but it could stop London Shop shareholders voting for the Beaumont merger next week.

Naresh Gudka, of stockbrokers Quilter Hilton, thinks that Mr Bradman will have to delve deeper into his corporate pocket—perhaps to the extent of another 15p a share—to get a positive reaction from the London Shop shareholders.

Events can always prove the City wrong, but the general impression is that the affair has only reached the early skirmishing stage, with the bidder offering too little and the "victim" probably about to ask for too much.

WILLIAM COCHRANE

Mansion House Square scheme is resurrected

A PLANNING application for an 18-floor office building, shops and public square in front of London's Mansion House has been lodged by developer Mr Peter Palumbo.

The proposed £30m development, based on a 1968 plan by Mies van der Rohe, includes a 137,000 sq ft net office tower and—if approved—would get underway in 1986.

Mr Palumbo has, over the last 23 years, acquired 12 of the 13 individual freehold and 345 of the 348 leasehold interests that constitute the scheme's site.

The plan would entail the demolition of eight listed buildings. In 1969, the City Corporation agreed in principle to the proposal but withheld full permission until it could be satisfied the developer had sufficient control of the site to ensure a continuous, phased operation.

● Fountain House, the 100,000 sq ft City building let to Stewart Wrightson, is to be refurbished by Sunley Holdings at a cost of about £6.5m. Sunley will fund the plan and will, in return participate in profit rental (£1.1m in 1980). Edward Erdman advised the tenants, who say the leasehold interest has a market value of about £14m against the £10.9m book figure.

Market admiration at GM option move

GENERAL MOTORS and a New York property investment trust sent the Manhattan real estate market buzzing with admiration and surprise this week with a whopping $500m piece of creative property financing.

The unorthodox transaction not only reflects the growing problems of the once booming Manhattan office property market but could well be the start of a new trend. Landaur Associates, part-owned by Hillier Parker May and Rowden, were consultants to GM and Roger Cockhill at Hilliers says he expects to see more transactions along these lines.

GM, struggling with rock-bottom car sales, has been trying to sell its prestigious New York Office tower—a 50-storey marble clad landmark building overlooking Central Park—since last April for at least $500m.

The sale would have set a new record in the New York property market topping the $400m sale of the Pan Am building last January. But the sale of the Pan Am building came at the peak of the latest Manhattan property boom.

With the latest transaction GM has still failed to sell its building but has raised $500m in cheap money and moved closer to eventually selling the tower block.

Under the terms of the deal, Corporate Property Investors, a privately held real estate investment trust formed ten years ago by both American and foreign investors, is advancing GM a $500m ten-year loan at annual interest of 10 per cent.

In return, GM has granted CPI, which owns New York properties and several major regional shopping centres, an option to buy the building after January 2, 1991, for not less than $500m. In addition, CPI would have to assume the balance on the existing mortgage on the building of about $45m.

But there are other advantages to both parties in the transaction. According to Mr Hans Mautner, president of CPI, delaying the purchase of the building makes sense in that the property group will be getting a higher return from its loan to GM than it would receive from the outright purchase of the GM tower.

This is because rent yields from the building, which are estimated at about $16m net this year, will be held down for the next five to ten years as most of the current leases do not expire until between 1986 and 1989. In the case of the Pan Am building, most of the old leases expire in 1984.

For General Motors, the deal defers New York City capital gains taxes on the sale of the building for ten years. At the same time GM retains the building's depreciation tax deductions which might not be as interesting to CPI since several of its shareholders are tax-exempt pension funds.

Paul Betts

Wang to relocate

WANG LABORATORIES, the wunderkind of the minicomputer and word processing world, has consolidated the rapid growth of Wang (UK) by taking a 25-year lease on Northumberland House, Hounslow, from developers County and District Properties, and Sun Alliance, at an annual rental of around £¾m.

Ronnie Franks, a senior partner of Smith Melzack which acted for Wang in the transaction, reckons that this values the 60,000 sq ft building at around £15m.

Smith Melzack will also be handling the disposal of Wang's two outgrown Richmond properties when the move takes place next April.

● Sun Life is to fund the Grosvenor Estate Commercial Developments shopping scheme for the Grafton Centre, Cambridge, where Debenhams are taking 100,000 sq ft of the 300,000 sq ft complex.

● Bracknell Development Corporation has invited six companies to make bids for a freehold retail site in the town centre which will be developed to provide nearly 200,000 sq ft of shopping space. The companies are: Heron Property, Sunley Holdings/BSC Pension Fund, Hammerson, London and Metropolitan, Neale House Investments and Prudential Assurance. Healey and Baker act for Bracknell.

CHRISTMAS QUIZ ANSWERS

Agents beat the analysts

THE PROSPECT of a Christmas quiz hat-trick for Quilter Goodison, the London stockbrokers, has been snatched away from them by the sterling efforts of the Richard Ellis investment department and Weatherall Green and Smith, this year's joint winners and each the recipient of a magnum of champagne.

So the agents take over from the analysts and Quilter Hilton fail to receive an honorary FT knighthood to add to Sir Nicholas Goodison's recent honour, though they missed glory by a whisker—as did Colin Munday and Peter Grodzinski at Hoare Govett. My thanks to everyone who entered and my hope that this year provides enough material for another quiz.

Picture questions. (a) Lord Mais. (b) Ronald Shuck. (c) 1 Lesser Land. 2 Rohan. 3 Brixton Estate. 4 Centros Properties. 5 Chesterfield Properties. 6 Viking Property. (d) Ed Gouge, GLC planning committee chairman. (e) Kurt Kilstock.

1—As head of Costain's property division, Mr Melville *shelved* plans for a shopping scheme at the Woolwich Arsenal site.

2—*Blue* Circle Industries, facing a big rent rise, is considering relocating its Victoria headquarters at Aldermaston, Berkshire.

3—Oliver Marriott, whose Churchbury Estates took over Law Land, a company which 21 years before he had suggested was in need of new masters.

4—Aztec West.

5—Willie Whitelaw's Home Office headquarters are held *on* a lease from Land Securities, the group headed by Lord Samuel of Wych Cross.

6—Donald Trump.

7—The former St George's hospital at Hyde Park Corner in London. William Wilkins designed it and the Duke of Westminster's Grosvenor Estate is modernising it as part of a new development scheme.

8—Corby—in June 1981. (Several entrants elected Swansea, which also started in June but which steadfastly remains in Wales.)

9—Godfrey Bradman of Rosehough *teamed up* with *Greycoat* Estates to revelop a site close to Liverpool *Street* station.

10—Arunbridge—headed by Ronnie Lyon—is proposing to develop 12 acres of south bank land surrounding Vauxhall Bridge, including the existing Nine *Elms cold* store complex.

11—Dixons Photographic is in the picture in Broad Street, New York, where it is developing an office scheme with British Airways' pension fund.

12—Half Moon Theatre; Fortune Theatre; Duke of York;

13—*Land* Securities' plans to redevelop Grand Buildings in Trfalgar Square were rejected *by* Westm;nster City Council.

14—Smith Melzack.

15—They are all buildings which have been listed by the Department of the Environment as being of architectural interest.

16—Saatchi and Saatchi, advertising agents to Richard Ellis, were ticked off for using simulated press cuttings in an Ellis campaign.

17—Gerald Zisman appeared in Liverpool docks to announce that his plan for a £20m scheme at the City's Albert Dock was being backed by the Department of the Environment.

18—New York's Battery Park area is being redeveloped by Olympia and York, the Canadian-based property group.

19—A consort;um comprising Slough Estates, Shell Pension Fund and George House Holdings wants to develop a part of the airfield.

20—Mr Radmore is the DOE inspector conducting the inquiry into plans by Mr Lipton's Greycoat Estates to redevelop London's Coin Street site.

21—Severiano Ballesteros is *to be tournament professional* at La Manga Campo de Golf, Costa Blanca, purchased by European Ferries. Manuel Ballesteros is the resident club professional.

22—The Merchant Navy Officers' Pension Fund purchased a share in an Oh;o-based property trust.

23—Mr Michael Heseltine, Secretary for the Environment, could not successfully operate a bulldozer he encountered during his tour of Merseyside.

24—Mr Trevor Osborne, chairman of Speyhawk.

25—Electricity Supply Nominees is making room for an Atlantis adventure ride in *its Trocadero redevelopment* scheme, Piccadilly.

26—The Crown Agents, in selling off their Australian portfolio, which includes a *property in Wollongong.*

27—Chestefield Properties.

28—Vauxhall Cross, which has been developed by Regional Properties.

29—*S. and W. Berisford and* Edinburgh Investment Trust confront possible problems with permafrost when redevelopment of the Billingsgate market site finally begins.

30—Mr Q. Morr;s, a director of BP International on moving into its *new Chiswell Street* headquarters.

31—Union leader Clive Jenkins at a Savills seminar on property.

32—*London and Leeds*—part of the Ladbroke Group—is converting rooms in the Savoy *Hotel into office space.*

33—Ronald Shuck of Espley-Tyas is to spend £25m on redeveloping the Belle Vue s;te in Manchester.

34—MEPC has taken a 50 per cent interest in 86 acres of land adjacent to the Texas Stadium, *home of the Dallas Cowboys.*

35—St Martins Property Corporation and local partner Grollo are retaining three historic buildings—including a butter factory—as part of a redevelopment scheme in Melbourne.

INTERNATIONAL PROPERTY

CONTRACTS AND TENDERS

INTERNATIONAL PROPERTY

APPOINTMENTS

Morgan Grenfell promotions

Morgan Grenfell and Co has made the following promotions: Mr A. P. N. Lafont to director, Morgan Grenfell International; Mr G. W. Muir and Mr A. M. Wheatley, to senior assistant director, Morgan Grenfell and Co; Mr P. Curry, Mr M. J. Hodges, Mr R. M. Maslinski, Mr A. V. P. Stitt and Mr A. J. P. Sykes, to assistant director, Morgan Grenfell and Co.

★

Mr Roger Hawksworth has been appointed manager of Texaco's wholly-owned subsidiary, STATIONS SUPREME. Mr Roger Colomb, who was previously general manager, Stations Supreme, has been appointed managing director of Texaco Olie Maatschappij BV, Texaco Inc's Netherlands subsidiary.

★

Mr Stephen Jackson has become a partner in CAWOOD SMITHIE AND CO., stockbrokers, at Harrogate.

★

Mr Michael J. Beasley has been appointed managing director and Mr Brian J. Thorpe deputy managing director of HOWARD HUMPHREYS.

★

Mr G. F. Johnstone, the deputy underwriter for ALS Motor Policies at Lloyds, has been appointed a director of A. L. STURGE (SERVICES).

★

Silkolene Lubricants has appointed Dr R. J. Dalton to the board of DALTON AND CO., as manufacturing director at the Belper, Derbyshire, refinery. He is not connected with the founder family, and for the past 3½ years he has been general manager of Biospecialities, a joint company involving Tate and Lyle and Hercules.

★

Mr Ivor Wood has been appointed financial director of PURNELL AND SONS, Paulton, part of the British Gravure Corporation within BPC. He was formerly financial director of Eric Bemrose, Liverpool.

★

Mr John S. Hardy has been elected president of the INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS for 1982. He is director and company secretary of Baker Perkins (Holdings).

★

Mr John Walker has been appointed a director of LEOPOLD WALFORD HOLDINGS. He was previously managing director of Leopold Walford (Zambia).

★

Mr M. A. N. Pejacsevich, Mr M. K. Whitaker and Mr G. Woods will join the partnership of SIMON AND COATES stockbrokers on January 9.

★

Mr Bob Lamble has been appointed managing director to WRIGHT AIR CONDITIONING (SCOTLAND); Mr Peter Diamond becomes contracts director. Wright Air Conditioning (London) has appointed Mr Trevor Caselton as service director and Mr Alan McLaren becomes contracts director. Mr Chris Harris, managing director of the London company, and Mr John Colling, managing director of Wright Air Conditioning (Birmingham), have both joined the board of Wright Air Conditioning (Contracting), the main board controlling the UK sales/contracting companies.

★

Sir Cecil Clothier, the Health Service Commissioner (Ombudsman) for England, Scotland and Wales, has appointed Mr G. V. Marsh as his deputy to succeed Mr Geoffrey Weston when Mr Weston completes his period of secondment and retires from the National Health Service at the end of March. Mr Marsh has been the area administrator, Lambeth, Southwark and Lewisham Area Health Authority (Teaching) since the reorganisation of the Health Service in 1974.

★

Mr M. D. Nightingale has been appointed to the board of BARAOORA TEA HOLDINGS.

★

Mr G. S. Kurkjian has been appointed chairman of CHAMBERS AND FARGUS.

★

Mr Martin Rubach and Mr Jeff Harris have become directors of WYVERN TELEVISION WEST, Bristol subsidiary of Wyvern Television, Swindon.

★

Mr M. H. W. Wells has been appointed a non-executive director of CARCLO ENGINEERING GROUP.

★

Mr John O. Sewell is to retire as group chief executive of GEI INTERNATIONAL on July 1. He will remain on the parent board and it is intended that he will be appointed deputy chairman. Mr John Elwell, until recently managing director of the packaging machinery division, has been appointed an associate director of the company and will succeed Mr Sewell. Mr Edmund Thompson, group operations director, is also to retire on July 1 but will continue as a director.

★

The BRITISH SCHOOL OF MOTORING has appointed Mr Graham Heath as its property director.

★

Mr Hamish Gibson, has been appointed managing director of the WALTON FILM AND VIDEO COMPANY.

★

Mr R. Garrick has been appointed to the board of THE WEIR GROUP, Glasgow. He will continue as managing director of Weir Pumps.

★

Mr Peter Stevens has been appointed director of the LONDON TOURIST BOARD from March 22. He was the first general administrator of the National Theatre of Great Britain from 1974-79, and is currently engaged by the Gulbenkian Foundation as a management consultant improving the cost effectiveness of the arts in the British regions. Mr Stevens takes over from the present director, Mr Geoffrey Smith, who will be retiring from full-time activity with the board.

★

Miss Gillian Lewis, head of the department of conservation, has been appointed to the new post of assistant deputy director at the NATIONAL MARITIME MUSEUM.

★

Mr W. G. Blyth has been appointed a director of AUDITS OF GREAT BRITAIN. He was formerly a director and group statistician of MIL Research. Mr G. Morgan has been appointed to the board of GRAHAM KEMP COMMUNICATIONS. He was previously head of public relations for the Port of London Authority.

★

Directors of ROYAL INSURANCE (INT.) recently established operating company responsible for Royal's general insurance business worldwide excluding U.S., UK and Republic of Ireland, Canada, Australia and business written by Royal Nederland are Mr J. J. Howard (chairman), Mr J. N. H. Hay, Mr A. A. Horsford, Mr G. R. Kellett, Mr J. K. Clarke and Mr B. H. Stott. Mr Howard, Mr Hay and Mr Horsford are all executive directors of Royal Insurance (the holding company) and Mr Kellett is a deputy general manager of Royal Insurance. Mr Clarke is general manager and Mr Stott is deputy general manager of Royal Insurance (Int.). Mr P. C. Worsfold, an assistant general manager of Royal Insurance (Int.) is company secretary.

★

Mr S. I. Lowry and Mr R. S. Bowie, have become partners in HYMANS ROBERTSON AND CO, consulting actuaries.

★

Mr R. M. Bond, chief surveyor, and Mr M. R. Watton, company architect, have been appointed directors of HIGGS AND HILL HOMES.

★

Mr D. J. Forcey has been appointed a director of MEACOCK SAMUELSON AND DEVITT (Reinsurance Brokers), part of the Devitt Group.

★

Mr Peter Shaw has been promoted to commercial director of ELLIS JONES AND CO (STOCKPORT).

★

Mr G. J. Hearne (non-executive) and Mr D. R. Reeves have been appointed directors of BPB INDUSTRIES.

★

ULSTER INVESTMENT BANK has appointed Mr David Went as chief executive and Mr Leo Conway as deputy chief executive with effect from February 1. Mr Conway will retain responsibility for the corporate finance division in addition to his duties as deputy chief executive. Mr Went succeeds Mr Michael Meagher who was recently appointed deputy chief executive of Ulster Bank.

★

Mr Allan C. Jeans has resumed his post as assistant director at LAZARD BROTHERS AND CO, after completion of his two-year secondment as a secretary of the Panel on Take-overs and Mergers.

★

The BBC has appointed a Cornishman as manager of RADIO CORNWALL, due to open in Truro towards the end of this year. He is Mr Michael Hoskin, who was previously programme organiser at Radio Lancashire.

★

Mr Ralph L. Cohen has been appointed finance director of ASSOCIATED HEAT SERVICES, an associated company of the National Coal Board, Ocean Transport and Trading and Compagnie Generale de Chauffe.

★

Mr A. C. Armitage has been appointed chief executive of NEWMAN ELECTRIC MOTORS, Yate, Bristol. He succeeds Mr P. J. Holdstock who has resigned.

★

Mr D. G. W. Towler has been appointed non-executive director of BULMER AND LUMB (HOLDINGS).

★

Mr Michael B. Beard has been appointed a director of GT MANAGEMENT. Mrs Heather J. Roberts has been appointed a director of GT Pension Services.

★

Mr Dennis Drew has been appointed deputy chairman of INCPEN (the Industry Committee for Packaging and the Environment), in succession to Mr Donald Raine, who has retired. Mr Drew has just retired as chairman of Bacofoil.

★

Mr John S. Collecott has been appointed to the board of C. CZARNIKOW.

★

Dr Eric Hall has been elected deputy managing director of STANDARD INDUSTRIAL GROUP.

★

Mr Philip Hawley has joined the board of THE ECONOMIST NEWSPAPER, parent of The Economist and The Economist Intelligence Unit. Mr Hawley is the first American to join the board. He is president and chief executive of Carter Hawley Hale Stores. He is also a director of Atlantic Richfield, BankAmerica Corporation, Pacific Telephone and Telegraph Company and Walt Disney Productions.

★

Mr J. J. Tilbrook has resigned as a director of J. F. NASH SECURITIES. Mr R. S. Robertson has been appointed secretary by J. F. Nash Securities in succession to Mr P. J. R. Sawfoot, who has been appointed secretary of has been appointed a director of J. F. Nash and Partners.

More funds for rubber price pact

KUALA LUMPUR—The International Natural Rubber Organisation (INRO) has received nearly all of the 200m ringgit (£46.5m) which it requested from member countries last month in a second call-up of funds for its buffer stock operation, informed rubber sources said.

Most large contributors, including Malaysia and the U.S., whose payment amounts to about 100m ringgit, have met the 30-day contribution deadline, the sources said.

They added that the buffer stock manager, who intervened on the depressed market for the first time early in November, had ample financial resources to continue his purchases.

INRO has received about 300m ringgit since its first call-up was made in early October, they said, though they could not give the amount that the buffer stock manager had spent so far to defend the rubber price on the London, New York, Kuala Lumpur and Singapore markets.

The Kuala Lumpur-based organisation's five-day moving average stood at 176.64 Malaysian/Singapore cents a kilo on Wednesday, more than two cents below the May buy level of 179 cents.

The buffer stock manager has bought various grades of rubber on the four markets this week, according to dealers, but the moving average has remained below 178 cents since November 27.

INRO yesterday bought rubber for the buffer stock for Feb delivery, London dealers reported.

They said RSS No 1 and 3 grades were taken, but in small quantity, and prices were not disclosed.

Reuter

Colombian coffee record

WASHINGTON — Colombia's 1981-82 coffee crop will total 14m bags (60 kilos each), according to the U.S. agriculture department (USDA).

In its weekly report on world production and trade, USDA said this represents the sixth successive year of record levels for output for the world's second largest producer (after Brazil). It compared with 13.5m bags in 1980-81.

USDA attributed the increases to expansion of planted area, generally favourable weather, improved farm management and greater use of high-yielding varieties.

Reuter

Thailand attacks U.S. tin stockpile sales

BANGKOK — The Thai Industry Ministry has asked the Foreign Ministry to protest against the release of tin by the U.S. General Services Administration (GSA) from its strategic stockpile.

The protest will be submitted by the Thai Embassy in Washington jointly with Malaysia and Indonesia.

The release of tin by GSA onto world markets from last month is adversely affecting tin producing countries economically and socially, the Malaysians claim.

The U.S. should consider carefully whether the benefits from the tin release will be worth the ill effects, a Ministry announcement said. Last month's release was made without any notice given to the International Tin Council (ITC). In the past, the GSA advised the ITC that tin would be released only for local consumers, the announcement added.

On Wednesday, the GSA said it sold 900 tonnes of stockpiled tin at $7.11 a pound. Since July 1980, when the sales started, it has disposed of 7,025 tonnes of surplus stockpiled tin.

On the London Metal Exchange meanwhile tin prices continued under pressure but once again influential buying held the market steady at a little above the £8,300 a tonne support level. Cash standard tin ended the day £1 down at £8,301.50 a tonne. Speculative selling of copper in the continued absence of any significant industrial demand pushed the LME cash wirebars price down £9 to £837.50 a tonne, the lowest level since late November.

● The recent steady decline in tungsten prices on the free market appeared to have halted following signs of improved enquiry, particularly from Eastern Europe, for nearby delivery metal which is in tight supply, reports Reuter.

London dealers said Eastern Bloc enquiry developed between the Christmas and New Year holiday periods and business was reported subsequently in a range of $122.50 to $127 a tonne unit (10 kilos) for prompt delivery, compared with the previous market quotation of $120 to $125.

Strike shuts Jamaican bauxite refinery

BY CANUTE JAMES IN KINGSTON

THE ALUMINIUM Company of America (ALCOA) has closed its 550,000 tonne bauxite refinery in central Jamaica after a strike by workers on Wednesday. Industry sources fear that the strike could spread, affecting the other North American mining and refining companies operating here, and shutting down the industry.

The strike followed several months of inconclusive negotiations between trade unions and the mining companies, to replace a contract which expired at the end of January of last year.

ALCOA spokesmen here have said the shutdown of the refinery could be long, and that Jamaica's alumina supplies to the ALCOA system would be found from other sources.

The threat to the industry in Jamaica, the world's third largest bauxite exporter, could affect sales later this year of 1.6m tonnes of ore to the U.S. for its strategic mineral stockpile.

Record sugar crop forecast

BY OUR COMMODITIES STAFF

IN HIS SECOND estimate of 1981-82 world sugar production West German statistician F. O. Licht has raised his projection to a record 96.796m tonnes, up from 95.112 in his first estimate and 87.196m tonnes in 1980-81.

The record currently stands at 92m tonnes in the 1977-78 season.

The forecast, already unofficially reported by traders, was confirmed at Licht's headquarters in Ratzeburg yesterday.

In Brussels yesterday the EEC Commission authorised the sale of 43,750 tonnes of white sugar at its regular weekly tender, held a day late this week. A maximum subsidy level of 24.12 European currency units per 100 kilos was set.

The authorisation level was broadly in line with trade forecasts and had no discernible effect on the market. In London the May futures position ended £0.60 down on the day at £171.225 a tonne.

In Santo Domingo, Sr Manuel Enrique Tavares, the Dominican Foreign Minister, said his country hoped to sell sugar to Mexico and Venezuela, who were among a number of countries approached with a view to widening the Republic's sales. The country exports about 1m tonnes of sugar a year.

The country wants to diversify its markets because of U.S. plans to restrict sugar imports. The U.S. usually imports about 800,000 tonnes of Dominican sugar a year.

In Washington the U.S. Department of Agriculture (USDA) said Poland's production of refined sugar totalled more than 1.6m tonnes in 1981, up from 1m tonnes in 1980, reports Reuter.

In its weekly report on world production and trade, the USDA said reports from Poland, up to mid-December indicated the Government's goal should be fulfilled, as sugar refiners were exceeding planned production.

Loan scheme for forestry investors

THE Royal Bank of Scotland has launched a new loan scheme to enable investors to raise cash for purchasing forests and forest land with a view to developing them for timber production.

Under Government policy for encouraging private forestry, grants are available to encourage investment and planting and establishment costs rank for tax relief against income from other sources. But the Bank says many investors lack the capital to buy land for planting.

Vegetable supplies hit by weather

Financial Times Reporter

FARMERS WARNED that the recent severe weather has seriously disrupted vegetable supplies, and the effects will be felt for many months.

One major grower of green vegetables, who has lost 25 per cent of his sprout crop, said: "It's a pretty grim prospect—there are likely to be lower supplies of all green vegetables right through until early summer."

The Fresh Fruit and Vegetable Information Bureau also warned that supplies will be badly hit. It said that prices will be higher and quality variable.

Hereford and Gloucester growers have reported a 50 per cent loss of the sprout crop. Although it has been specially bred to resist temperatures of minus 8 degrees centigrade, temperatures in the two counties plummeted to minus 26C.

The cauliflower crop in Kent and Lincolnshire has been almost completely wiped out, and the only reasonable quantity of British supplies will come from Cornwall, which has so far escaped most of the snow and frost. Jersey and Brittany will be available but the prices will reflect the shortage.

The cabbage crop has escaped much of the bad weather, but prices will rise as the demand for cabbage as a replacement for other crops builds up. Outdoor crops of hard white cabbages have been completely lost and prices will rise, as the only supplies come from store.

Root crops, such as parsnips and carrots, seem to have survived most of the flooding and prices should remain steady.

Potatoes have suffered some frost damage but while prices will be higher than usual, there should be no shortages.

Dutch concern on farm policy

THE COMMODITY Board for grains, seed and pulses said yesterday that European Commission proposals to reform EEC farm policy are causing concern in the Netherlands.

Mr Van Beukering, board chairman told a New Year meeting that acceptance of the proposals, which aim to curb cereals production by limiting price increases if output exceeds 120m tonnes a year, would be a serious disadvantage to Dutch agriculture.

FARMER'S VIEWPOINT

Saved by Communism

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT MUST be a matter of deep concern to Marxists that the Communist bloc is the main support of capitalist agriculture. Were it not for the farm imports by the Soviet Union and certain other States paid for by Russian gold or Western credits, world food commodity markets would be in the deepest of depressions with production curbs the order of the day.

Not all Communist States are equally dependent on Western imports. Hungary is a net exporter and China probably imports no more than sufficient to offset the export of pigs to Hong Kong and a little rice to certain countries. But then the Chinese are a special case. They are, I have always observed, among the best farmers on earth, with an understanding second to none for growing things in unpromising surroundings. In China they claim to be supporting 11 people on every hectare of arable land: in the USSR, arable land supports only 0.8 of a person per hectare.

It is true that the Chinese live on pretty modest diets by Western standards, and no doubt they would like to have more to eat. But the success of Chinese farming in feeding a billion people should never be under-rated.

A comparison between the Soviet Union and the EEC is most interesting. Populations are about the same, but there the similarity ends. The Community has an availability of 120m tonnes of cereals or its equivalent—just under half a tonne per person. This supplies not only farinaceous food but a fair proportion of meat and milk as well.

The USSR has available including imports around 220m tonnes of grain or 0.8 of a tonne per person for all requirements including animal feed. Yet the annual consumption of meat products is only 57 kilos per head against 89 kilos in the Community.

This underlines the basic inefficiency in production terms of Soviet livestock farming and is well reflected in comparisons of milk production. In the EEC 24.8m cows produced 111m tonnes of milk. In the Soviet Union 43m cows produced 90m tonnes, representing a yield per cow just about half the EEC figure.

Nor is the beef production of the Soviet herd comparable with that of the EEC. The total EEC herd amounts to 77m head, and that of the USSR 115m head. The EEC produces a total of 8.4m tonnes of beef against the peak Soviet output to date of 7.1m tonnes in 1978.

The U.S. herd is about the same as that of the Soviet Union, yet it produces 11m tonnes of beef, a proportion equivalent to that in the EEC.

Soviet meat output per million pigs is about two-thirds those of the U.S. and West Germany a typical EEC country.

Soviet wheat yields are notoriously unstable and except in 1978 about 75 per cent of those in Canada and the U.S. which have rather similar climates and soil types. Even so, the USSR is the world's single largest wheat producer, responsible for between a fifth and a quarter of the global harvest.

The situation in Eastern Europe shows rather better yields per hectare and per unit of livestock. But in no case, except that of Hungary, do they approach those of the EEC. In Poland, yields per cow are among the lowest and meat production in relation to feed inputs is on a par with the USSR.

Most Hungarian farming is compulsorily co-operative, like the Russian Kholk hozes. But there are two differences. Much of the pig and poultry production in Hungary is in private hands and the Hungarians have ploughed up land which for centuries had been used for cattle grazing, thus liberating a store of fertility which will last for years.

It would be simplistic to blame the defects of Eastern bloc farming on Communism alone. There are countries where yields are very low, notably Argentina where they could have been much higher but have been restricted for years by government action or inaction in the sphere to taxes and prices.

It would also be naive to take as absolute truth all the statistics on which this article is based, although they come from the UN's Food and Agriculture Authority for the most part. The populations on the land in all the eastern bloc countries are very much larger than they are in the West. Undoubtedly, the rural sector will look after its own food needs before supplying the towns. There would be a major incentive to understate actual production so that a surplus could go safely to a black market or be consumed at home. In this connection, the estimate of Soviet cereal waste equivalent to 30m tonnes, or 15 per cent, could well conceal substantial diversion.

There is no doubt at all that the Eastern Bloc is as well aware of the latest techniques in food production as anyone in the West, particularly the academic circles. What I did notice on my one visit to Russia many years ago was that the application of modern methods did not go far beyond the colleges and institutes.

Those responsible for the EEC's Common Agriculture Policy and the rest of world commercial farming must hope this situation prevails for a long time if not for ever. If the Soviet demand for surplus food did not exist, it would have to be invented.

Uruguay may import wheat

WASHINGTON—Uruguay could return to the world market as a wheat importer in future years, says the U.S. Agriculture Department.

In its weekly report on world production and trade, USDA says the Government of Uruguay has announced plans to curtail intervention in the domestic wheat market.

It says support prices under the new policy will be pegged to the international market price for wheat, which tends to be lower than domestic production costs.

USDA says current plans could mean no government purchases of wheat in 1982-83. These policies could discourage domestic production and return Uruguay to the world market as a wheat importer in future years.

IOD increases membership

THE Institute of Directors last year recorded its highest membership figures since 1976. Membership worldwide now stands at more than 32,000.

"In a period of recession the institute was able to increase its membership, expand its services, intensify its representational and lobbying work and establish new branches in the City of London, Hampshire, Dorset and the Republic of Ireland," said Walter Goldsmith, director general.

BRITISH COMMODITY MARKETS

BASE METAL PRICES generally gave ground on the London Metal Exchange. Renewed stop-loss selling and short selling coupled with weakness in precious metals depressed Copper to £863 before a close of £869, while Zinc closed at £447.5, after £452, following the producer price cut by Noranda. Lead fell to £347 but rallied to £352 on bear covering. Tin was finally £7,915, Aluminium £598.5 and Nickel £2,947.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	836-7	-10	837-8	-9
3 mths	864.5-5	-11	865-.5	-10.5
Settlem't	837	-10	—	.....
Cathodes				
Cash	832.5-3.5	-10.5	832-4	-11
3 months	862-.5	-11.5	860-2	-11
Settlem't	833.5	-10.5	—	.....
U.S. Prod.	—	.....	*77-82	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £836.00, three months 68, 866.00, 65.00, 64.00, 63.00, 62.00, 62.50, 63.00, 64.00, 65.00, 66.00, 65.50, 65.00, 64.50. Cathodes, cash £834.00, 32.50, 33.00, three months £861.00, 61.50, 62.00. Kerb: Higher grade, three months £864.50, 64.00, 63.50, 64.00. Afternoon: Higher grade, three months £865.00, 64.50, 65.00, 65.50. Kerb: Higher grade, three months £866.00, 65.50, 65.00, 66.00, 67.00, 68.00, 69.00. Turnover: 28,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	337.5-8	-2.75	335.5-6.5	+5
3 months	350.5-1	-6	348.5-9	+3.25
Settlem't	338	-5	—	.....
U.S. Spot	—	.....	*30-4	.....

Tin—Morning: Standard, cash £8,300, 01, 0300, three months £7,910, 7,900, 05. Kerb: Standard, cash £8,300, three months £7,905, 7,900, 10. Afternoon: Standard, cash £8,300, 01, 02, three months £7,910. Kerb: standard, three months £7,910. Turnover: 1,785 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8300-1	—	8301-2	-1
3 months	7905-10	—	7910-5	+5
Settlem't	8301	—	—	.....
Standard				
Cash	8300-1	—	8301-2	-1
3 months	7905-10	—	7910-5	+5
Settlem't	8301	—	—	.....
Straits E.	†$34.90	+0.10	—	.....
New York	—	.....		

Lead—Morning: Cash £337.50, three months £347.00, 48.00, 47.00, 47.50, 48.00, 49.00, 52.00, 51.00. Kerb, three months £350.00, 50.50, 51.00. Afternoon: Three months £351.00, 50.00, 49.00, 48.00, 47.00, 48.00, 49.00. Kerb: Three months £349.00, 50.00, 51.00, 52.00. Turnover 14,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	437-.5	-3.5	436-7	-1
3 months	450-1	-4.25	448-9	-3
S'ment	431.5-3.5	-3.5	—	.....
Primw'ts	—	.....	*42-75	-50

Zinc—Morning: Cash £438.50, 38.00, 37.50, three months £448.00, 49.00, 49.50, 50.00, 51.00. Kerb: Three months £450.00, 50.50, 50.00. Afternoon: Cash £437.00, three months £450.00, 49.00, 49.50. Kerb: Three months £448.00, 47.50, 47.00, 48.00. Turnover: 8,175 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	577.5-8	-6	572.5-3.5	-9.5
3 months	602-.5	-6.25	597.5-8	-9

Aluminium—Morning: Cash £577.70, three months £602.50, 03.00, 20.00, 03.00, 02.50, 03.00, 02.00, 02.50. Kerb: three months £602.00, 01.50, 02.50, 03.50. Afternoon: Three months £62.50, 02.00, 01.00, 600.50, 600.00, 01.00, 600.50, 600.00, 599.00, 98.00, 99.00, 98.50, 98.00, 97.50, 98.00. Kerb: Three months £598.00, 99.00, 98.50. Turnover: 13,950 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2860-70	-25	2880-5	-17.5
3 months	2935-40	-10	2950-5	-7

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

Nickel—Morning: Three months £2,950, 40, 45, 40, 35. Kerb: Three months £2,935. Afternoon: Cash £2,880, three months £2,940, 50. Turnover 504 tonnes.

SILVER

Silver was fixed 5.8p an ounce lower for spot delivery in the London bullion market at 423.8p. U.S. cent equivalents of the fixing levels were: spot 810.5c, down 15.7c; three-month 838.7c, down 16.5c; six-month 869.2c, down 17.4c; and 12-month 929.0c, down 19.6c. The metal opened at 427-431p (819-824c) and closed at 426-430p (817-822c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	423.80p	-5.8	427.75p	-5.25
3 months	439.20p	-6.1	443.55p	-5.20
6 months	455.40p	-5.9	—	.....
12 months	488.30p	-7.7	—	.....

LME—Turnover 120 (106) lots of 10,000 ounces. Morning: Three months 440.0, 40.5, 40.0. Kerb: Nil. Afternoon: Three months 434.0, 45.3, 43.0. Kerb: Three months 443.5, 44.0.

COCOA

Futures opened higher due to weaker sterling but continued to trade within a narrow range throughout a featureless day. Actuals business was scarce although differentials continued to weaken, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1193-95	+5.5	1197-87
May	1194-95	+6.5	1197-87
July	1204-05	+9.0	1205-98
Sept	1213-15	+9.0	1215-12
Dec	1227-28	+5.5	1250-25
March	1234-38	+4.0	—
May	1240-48	+5.0	—

Sales: 1,657 (2,187) lots of 10 tonnes.

ICCO—Daily price fob Jan 7: 100.55 (100.40). Indicator price for Jan 8: 99.63 (98.47). U.S. cents per pound.

COFFEE

With the recent failure to establish a significant breakthrough values returned to previous support levels reports Drexel Burnham Lambert. Price fixing at the lower levels was in evidence. Commission house selling was generally well absorbed by trade buying, which resulted in a firm close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1145-46	-1.0	1145-31
March	1144-45	-2.0	1145-31
May	1130-32	+5.0	1132-14
July	1125-26	+8.0	1127-07
Sept	1119-20	+6.0	1120-05
Nov	1116-17	+8.5	1117
January	1110-25	+12.5	—

Sales: 4,311 (2,863) lots of 5 tonnes.

ICO indicator prices for January 6 (U.S. cents per pound): Comp. daily 125.69 (125.32); 15-day average 123.64 (123.43).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 365, 370, nil; March 372, 374, 373; May 376, 379, 378; Aug 392, 393, 394-392; Oct 394, 396, 396-395; Dec 401, 402, 401; Jan 403, 405, nil; March 412, 414, 413; May 421, 423, 423. Sales: 45.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 498.0, 498.5, untraded; May 506.0, 508.0, untraded; July 515.0, 515.9, 515.9; Oct 512.0, 513.8, untraded: Dec 517.0, 517.8, 517.0: March 525.0, 526.5, 526.0; May 527.0, 529.0, 529.0: July 528.0, 530.0, 531.0. Sales: 18.

GAS OIL FUTURES

The market opened at the highs and traded just below these levels as physical prices remained steady. Later, lack of interest and increased supplies of the physical product caused the market to drift off, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	327.75	-0.25	328.75-27.75
February	325.00	—	324.50-22.50
March	313.75	-0.75	316.25-13.50
April	306.50	+1.00	307.50-06.50
May	304.50	+0.50	305.00-04.50
June	304.75	+0.25	—
July	305.00	+0.50	—
August	302.50	-2.50	—
Sept	302.50	-5.00	—

Turnover: 1,771 (1,299) lots of 100 tonnes.

GRAINS

Old crops opened slightly higher, new crops unchanged. Early gains in old barley were lost by hedge selling but later regained. Old wheat strengthened on pre-restitution shipper buying. New barley found fresh buying interest, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Jan	108.95	+0.30	104.55	+0.05
Mar	112.45	+0.40	107.65	+0.10
May	116.00	+0.45	111.15	+0.25
July	119.00	-0.35	—	—
Sep	106.90	-0.05	102.45	+0.30
Nov	110.60	+0.05	106.35	+0.30

Business done—Wheat: Jan 108.90-108.75, March 112.45-112.20, May 116.00-115.70, July 119.00 only, Sept 107.05-106.90, Nov no trades. Sales: 67 lots of 100 tonnes. Barley: Jan 104.70-104.50, March 107.75-107.50, May 111.15-111.00, Sept 102.45-102.20, Nov 106.35-106.20. Sales: 141 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Jan 115.75, Feb 117.00, March 118.00 transhipment East Coast sellers. English Feed fob, Jan 112.50 East Coast seller. Maize: French, first half Jan 133.50 transhipment East Coast sellers. S. African Yellow, March 78.50 quoted. Barley: English Feed fob, Jan 110.25 seller East Coast, Jan 110.15 paid Dover. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 110.10, W. Mids 110.00. Feed barley: S. East 105.00, S. West 105.00, W. Mids 103.40, N. West 103.90. The UK Monetary Coefficient for the week beginning Monday January 11 is expected to remain unchanged.

RUBBER

The London physical market opened steadier, attracted little interest at the higher levels and closed quiet. Lewis and Peat recorded a February fob price for No 1 RS in Kuala Lumpur of 203.5 (200.5) cents a kg and SMR 20 179.5 (177.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	50.30-50.60	49.70-50.50	50.70-50.50
Mar	50.90-51.40	50.00-50.50	51.40-51.00
Apl-Jne	52.90-53.00	52.20-52.50	53.00-52.20
Jly-Sept	56.10-56.20	55.50-55.60	56.40-55.50
Oct-Dec	58.30-59.40	58.60-58.70	59.50-58.70
Jan-Mar	62.40-62.50	61.60-62.00	—
Apl-Jne	65.40-65.60	64.60-64.90	65.60-65.50
Jly-Sept	68.40-68.50	67.70-67.90	68.60
Oct-Dec	71.50-71.60	70.80-70.90	71.50

Sales: 126 (175) lots of 15 tonnes, 24 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were spot 49.50p (49.00p); Feb 51.75p (51.00p); March 51.25p (50.75).

POTATOES

LONDON POTATO FUTURES—After initially firmer trade, the market appeared to lose momentum and attracted profit-takers. Falling prices touched stop-loss selling, before recovering some of the losses towards the close, reports Coley and Harper. Closing prices: Feb 93.60, -0.90 (high 94.60, low 93.40); April 114.70, -0.80 (high 116.40, low 113.30); Nov 67.50, +0.10 67.50 only). Turnover: 172 (266) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 50p higher on weaker sterling and remained in a narrow trading range, reports T. G. Roddick.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	128.00-28.7	+0.25	128.00-28.50
April	130.00-30.5	+0.25	130.50-30.50
June	129.70-30.0	+0.15	131.00
August	130.50-31.5	+0.50	—
October	131.50-32.5	-0.75	—
Dec	132.50-34.5	+0.75	—
Feb	132.50-36.5	+0.25	—

Sales: 15 (90) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £161.00 (£157.00) a tonne cif Jan-Feb shipment. White sugar daily price £167.00 (£166.00).

The market opened on the highs. The increased estimate of world sugar production up to 9.796 tons by F. O. Licht for 1981-82 dampened sentiment and values declined before recovering slightly due to better New York quotations, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	168.45-68.50	169.50-68.40	172.75-67.25
May	171.20-71.25	171.75-71.90	175.00-70.00
Aug	175.00-75.25	175.05-75.50	177.50-73.75
Oct	178.75-78.90	179.00-79.40	181.00-77.50
Jan	179.05-80.00	179.50-81.25	—
Marc	184.50-85.00	184.50-85.00	184.00
May	185.50-87.00	185.40-86.25	—

Sales: 3,608 (3,264) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £270.50 (£265.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 6: Daily price 12.44 (12.47): 15-day average 13.08 (13.13).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 90 tonnes. Fair trading continued, with prices slightly firmer than of late. Attention was mainly centred on Middle Eastern and South American growths, with limited dealings in African qualities.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 84.5 to 90.5; Ulster hindquarters 101.0 to 104.5, forequarters 63.8 to 68.2. Veal: Dutch hinds and ends 139.0 to 145.0. Lamb: English Small 75.0 to 85.0, Medium 78.0 to 83.0; Imported—New Zealand PL (new season) 63.5 to 69.5, PM (new season) 68.5 to 69.5. Pork: English, under 100 lb 40.0 to 56.0, 100-120 lb 44.0 to 54.5, 120-160 lb 40.0 to 51.5.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 3.20-3.50; Spania: Navels/Navelinas 42/130 3.00-3.70; Jaffa: Navels 88/144 4.85-5.35. Clementines—Spania: 3.80-4.50; Moroccan: 1/6 3.30-4.50. Satsumas—Spania: 3.00-3.80. Lemons—Cypriot: 3.80-4.50; Greek: 5.00-6.00; Spania: 40/50 2.40-2.50. Grapefruits—U.S.: Pink 32/48 6.00-7.00; Cypriot: Large cartons 3.60-4.50, small cartons 2.80-3.40; Jaffa: 36/88 3.80-4.55. Apples—French: New crop, Golden Delicious 20-lb 3.00-4.00, 40-lb 5.00-7.50, Starkcrimson 40-lb 6.50-7.00, 20-lb 3.40-3.80, Granny Smith 7.00-8.50; Canadian: Red Delicious 9.00-11.00; U.S.: Red Delicious 8.00-13.00; Hungarian: Starking 6.60-7.00. Pears—Dutch: Comice 14-lb, per pound 0.24-0.26. Peaches—S. African: 4.50-5.00. Nectarines—Chilean: 33/48 8.00-9.00; Zimbabwean: 18/28 4.00. Plums—U.S.: Per pound 0.30-0.40; Chilean: Santa Rosa 17-lb, per pound 0.80-0.90; S. African: Santa Rosa, per pound 0.40-0.50, Beauty 0.70-0.90. Apricots—S. African: 11-lb, per pound 0.40-0.50. Grapes—Spanish: Almeria 11-lb 3.00-3.80, Negra 4.80-5.00; U.S.: Red Emperor 0.50-0.55; Chilean: Seedless, per pound 1.10. Strawberries—Kenyan: 0.60-0.80; U.S.: 12-oz 1.50. Litchees—S. African: 0.80. Melons—Spanish: 10-kg 5.00-6.00; 15-kg A.1 10.50-11.00. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18. Avocados—U.S.: Large box 5.50-6.00, small box 2.50; Israeli: 3.60-4.20; Canary: Large box 5.00, small box 3.50-4.00. Mangoes—Kenyan: 8/16 4.50-5.00; Peruvian: 8.00-9.00. Dates—Tunisian: 30's 0.50-0.60; U.S.: 0.43-0.44. Tomatoes—Spanish: 1.50-2.00; Canary: 1.80-3.50; Moroccan: 1.40-1.50. Onions—Spanish: Grano 3/5 4.40-4.80. Capsicums—Dutch: 5 kilos, Red 10.00; Canary: Green 3.00-3.50, Red 5.50; Italian: Green 3.00; Israeli: Red 8.50. Cabbages—Dutch: White 3.50, red 4.00. Celery—Israeli: 4.50-5.00; Spanish: 4.00-5.00. Cauliflowers—Jersey: 24's 7.00-8.00. Carrots—Dutch: 22-lb 3.20-3.40, pre-packed 3.80; Italian: Per pound 0.10-0.12. Lettuces—Dutch: 24's 3.60-4.80, 12's 2.60. Cucumbers—Canary: 2.00-3.00. Chicory—Belgian: 3-kilos 2.20-2.50. Endives—French: 4.00. New Potatoes—Canary: 28-lb ware 5.00, mids 5.60; Italian: Per pound 0.15-0.16; Jersey: 13-lb tubs ware 0.90, mids 0.90; Cypriot: 5.00. Artichokes—Egyptian: 7.00; Spanish: 3.50-4.00. Aubergines—Canary: 4.50-5.00; Israeli: 6.50; U.S.: 10.00. Walnuts—Chinese: Per pound 0.40.

English Produce: Potatoes—Per 55-lb, White 2.60-3.50, red 2.80-3.60, King Edwards 2.80-4.00. Mushrooms—Per pound, open 0.30-0.40, closed 0.55-0.70. Apples—Per pound, Bramley 0.18-0.28, Cox's 0.20-0.34, Russets 0.18-0.30, Spartan's 0.20-0.25. Pears—Per pound Conference 0.14-0.20, Comice 0.18-0.25. Cabbages—Per 30-lb bag, Celtic/Jan King 2.00-2.50. Lettuce—Per 12, round 2.00-2.40. Onions—Per 55-lb 40/80mm 2.00-3.00. Carrots—Per 26/28-lb 1.50-2.30. Beetroots—Per 28-lb, round 1.20, long 1.50-1.80. Parsnips—Per 28-lb 2.00-3.50. Swedes—Per net 1.20-1.40. Sprouts—Per 20-lb 2.40-3.20. Spring Greens—Per 28/40 3.00-6.00. Turnips—Per 28-lb 2.50-3.00. Rhubarb—Per 14-lb, per pound 0.25. Leeks—Per 10-lb 2.50-2.80. Cauliflowers—Per 12 4.50-8.00.

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.30, codlings £5.00-£5.50; Large haddock £4.20-£4.60; Large plaice £6.90, medium £5.00-£6.20, best small £5.00-£5.50; Rockfish £2.00; Rods £1.80-£2.50; saithe £3.70.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 7 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1090/1120	-15	$1120/160
Copper			
Cash h grade	£837.5	-9	£848
3 mths	£865.25	-10.75	£868.75
Cash Cathode	£833	-12	£845
3 mths	£861	-11	£865.5
Gold troy oz	$397	-5.5	$407
Lead Cash	£336	+5	£337
3 mths	£348.75	.....	£348
Nickel	£3757.75	.....	£3578.98
Free mkt	254/285c	-5	245/85c
Platin'mtr'y oz	£260	.....	£260
Freemkt	£197.50	-1.45	£212.65
Quicksilvert	$415/420	+3	$422/428
Silver troy oz	423.80p	-5.6	445.60p
3 mths	439.20p	-6.1	460.40p
Tin Cash	£8,301.5	-1	£8365.5
3 mths	£7,912.5	+5	£8222.5
Tungsten22.04lb	$127.40	.....	$137.32
Wolfrm 22.04lbs	$123/128	+3	$124/129
Zinc Cash	£436.5	-1	£425.0
3 mths	£448.5	-3	£432.5
Producers	$950	.....	$930/50
Oils			
Coconut (Phil)	$547y	+7	$560.5
Groundnut	$675y	-5	$710
Linseed Crude	‡		‡
Palm Malayan	$500z	+5	$480
Seeds			
Copra Philip	$342.5y	.....	$357.5
Soyabean(U.S.)	$261	+4	$256
Grains			
Barley Fut.Mar	£107.65	+0.1	£107.20
Maize	£133.50	.....	£130.25
Wheat Fut.Mar	£112.45	+0.4	£111.55
No2 HardWint	‡		‡
Other commodities			
Cocoa ship't*	£1240	+6	£1,227
Futures May	£1194.5	+8.5	£1142.5
Coffee Ft' Mar	£1144.5	-2	£1105
Cotton A.Index	68.90c	.....	67.30c
Gas Oil Feb.	$323	.....	$317.5
Rubber (kilo)	49.5p	+0.5	50.5p
Sugar (Raw)	162y	+4	£163
Woolt'ps 64s kl.	378p kilo	+1	374pkilo

‡ Unquoted. w Dec-Jan. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 7.

Precious metals recovered most of their early losses following a rally in financial instruments (which signal lower interest rates). Copper was lower on selling attracted by high exchange stocks. Coffee was under heavy pressure on profit-taking. Heating oil advanced on firmer cash and lack of settlement by chemical workers. Unfavourable weather is keeping cattle prices strong, reported Heinold.

Copper—Jan 72.05 (72.50). Feb 72.70 (72.30). Mar 73.50-73.65, May 75.25-75.40, July 76.85-77.10, Sept 78.80, Dec 81.40, Jan 82.25, Mar 83.90, May 85.55, July 87.20, Sept 88.85. Sales: 5,000.

Potatoes (round whites)—Feb 70.0-71.2 (71.2). Mar. 74.0 (75.0). April 79.7-79.9. Nov 76.6-77.0. Sales: 402.

¶Silver—Jan 828.6 (829.0). Feb 835.3 (836.0). Mar 841.0-844.5. May 860.5, July 882.6, Sept 902.6, Sept 902.8. Dec 832.6, Jan 942.6, Mar 962.6, May 982.6, July 1002.6, Sept 1022.6. Handy and Harman bullion Spot: 823.00 (832.00).

Sugar—No. 11: Mar 12.95-12.98 (13.01). May 13.20-13.24 (13.22). July 13.46-13.48, Sept 13.65, Oct 13.82-13.84, Jan 13.85-14.15, Mar 14.45-14.50, May 14.56-14.74. Sales: 7,935.

Tin—693.00-725.00 (695.00-720.00).

CHICAGO, Jan 7.

Lard—Chicago loose 18.50 (same).

Live Cattle—Feb 58.55-58.70 (58.15). April 57.25-57.00 (56.97). June 57.85-57.70, Aug 56.65-56.77, Oct 55.50-55.65, Dec 56.82.

Live Hogs—Feb 44.80-44.90 (45.27). April 44.20-44.40 (44.57). June 47.05-46.95, July 47.85, Aug 46.75, Oct 45.37-45.25, Dec 46.82, Feb 47.60.

‡‡Maize—Mar 276½-276 (276¾). May 287-286¾ (286¾). July 291¾-292¼. Sept 294-293¾. Dec 295½-238½. Mar 309½.

Pork Bellies—Feb 61.10-61.25 (62.60). Mar 61.80-62.00 (63.10). May 63.10-63.00, July 64.30, Aug 63.80.

†Soyabeans—Jan 630½-630 (625¼). Mar 641-639½ (638). May 653½-653, July 666-665½, Aug 668-670, Sept 663, Nov 672-671½, Jan 687, Mar 703.

‖Soyabean Meal—Jan 188.7-189.0 (188.2). Mar 189.7-189.3 (189.3). May 192.0-191.6, July 194.0-194.1, Aug 195.0, Sept 195.0-195.1, Oct 194.0-194.3, Dec 193.5-193.0.

Soyabean Oil—Jan 19.13-19.15 (18.93). Mar 19.62-19.64 (19.44). May 20.25-20.28, July 20.85-20.88, Aug 21.05-21.10, Sept 21.20-21.30, Oct 21.40, Dec 21.70, Jan 21.65-21.70.

†Wheat—Mar 400½-400 (401½). May 409½-409 (410¾). July 412-412½. Sept 424½. Dec 441½-442. Mar 455½.

WINNIPEG, Jan 7.

§Barley—Mar 128.30-128.40 (126.90). May 131.20 (130.50). July 132.80. Oct 135.00. Dec 134.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 238.84 (239.04).

*Platinum—Jan 377.0 (377.0). April 382.8-383.5 (381.0). July 394.2. Oct 406.2. Jan 425.2. Sales: 1,483.

*Gold—Jan 399.4 (400.0). Feb 401.6-403.5 (403.0). Mar 405.9. April 409.0-410.5. June 417.3-420.0. Aug 428.6. Oct 438.2. Dec 447.9. Feb 457.8. April 467.8. June 478.1. Aug 488.3. Oct 498.6.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, January 6.

††Cocoa—March 2145 (2159). May 2142 (2150). July 2160. Sept 2175. Dec 2184. March 2224. Sales: 1,965.

Coffee—"C" Contract: March 142.00-142.25 (143.22). May 135.71-135.90 (136.89). July 132.70-133.00. Sept 130.25. Dec 127.50. March 125.40. May 123.00-125.50. Sales: 1,600.

Cotton—No. 2: March 65.75-65.80 (64.88). May 67.35-67.40 (66.35). July 68.80-68.99. Oct 70.90. Dec 71.95-72.00. March 73.05-73.30. May 74.00-74.50. Sales: 6,100.

Orange Juice—Jan 119.60 (116.00). March 123.00-123.30 (119.70). May 125.10. July 126.90-127.00. Sept 128.00. Nov 128.35-128.40. Sales: 1,200.

CHICAGO, January 6.

Chicago Imm Gold—March 406.6-407.0 (409.8). June 419.5 (423.1). Sept 434.0. Dec 448.6. March 463.7. June 479.0. Sept 494.5.

EUROPEAN MARKETS

ROTTERDAM, January 7.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Jan 201, Jan 20/Feb 10 202, Feb 20/March 10 205, March 20/April 10 208. U.S. No. Two Red Winter, Jan 173.25, Feb 174, March 177. U.S. No. Three Amber Durum mid-Jan/mid-Feb 206, April/May 194, July 197, Aug 199, Sept 202, Oct 203.50, Nov 205.50. U.S. No. Two Northern Spring 14 per cent, Jan 20/Feb 10 201, Feb 203, March 205, April/May 192.50, June 193.50, July 195. Canadian Western Red Spring, Jan 221, April/May 220.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow, Jan 126.50, traded afloat 127.50, Jan 127, Feb 127.50, March 128.50, April/June 131.50, July/Sept 134.50, Oct/Dec 137.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Jan 255, Feb 257, March 260, April 261, May 263, June 265, July 266, Aug 267, Sept 267, Oct 266.50, Nov 266.50, Dec 270.50.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., Jan 238, Feb 236.50, traded afloat 237, Jan 236, Feb 236.50, March 238, April/Sept 238, Nov/March 245 sellers. Brazil Pellets, afloat 248, Jan 254, Feb 257, March 252, April/May 244.50, April/Sept 245 sellers.

PARIS, January 7.

Cocoa—(FFr per 100 kilos): Mar 1290/1296, May 1291/1296, July 1317/1325, Sept 1330/1340, Dec 1343/1345, Mar 1355/1360, May 1365/1370. Sales at call: 2.

Sugar—(FFr per tonne): Mar 1895/1901, July 1917/1936, Aug 1960/1970, Oct 1985/1990, Nov 1980/1990, Dec 2000/2015, Mar 2040/2050. Sales at call: 8.

INDICES

FINANCIAL TIMES

Jan. 6	Jan. 5	Month ago	Year ago
248.81	249.61	245.30	262.99

(Base: July 1, 1952=100).

MOODY'S

Jan. 6	Jan. 5	Month ago	Year ago
992.7	990.1	972.1	1231.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 6	Jan. 5	Month ago	Year ago
Spot	126.74	126.18	359.50	450.88
Fut.rs	135.36	134.57	362.63	472.70

(New base: Dec 31, 1974=100)

REUTERS

Jan. 7	Jan. 6	M'nth ago	Year ago
1603.6	1596.8	1592.5	1750.5

(Base: September 18, 1931=100)

Leading shares continue advance but Discount Houses weaken with Smith St. Aubyn tumbling 97 to 35p

Account Dealing Dates

First Dealings	Option *Declarations	Last Dealings	Account Day
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22

* "New time" dealings may take place from 9.30 am two business days earlier.

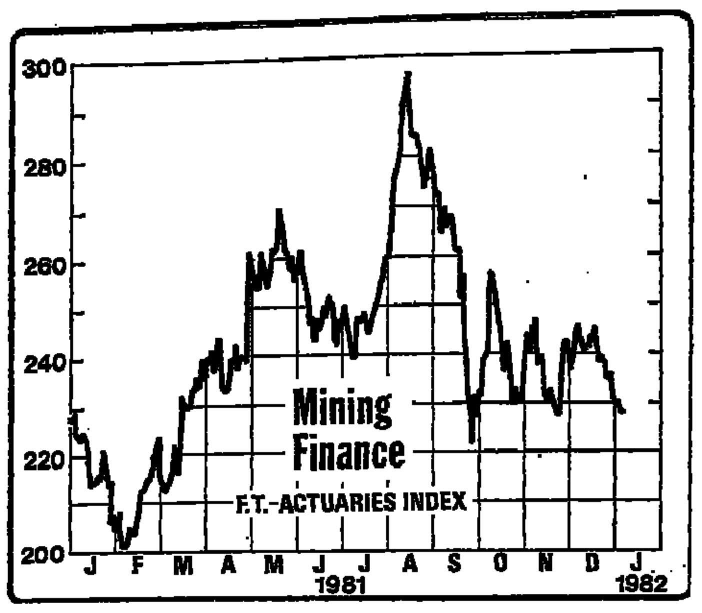
Brighter news on the industrial relations front via the majority vote for acceptance of the pay offer at Ford and the General and Municipal Workers' acceptance of the Water Board's offer supported leading equities, but achieved little for Government Securities yesterday. Most blue chip industrials in London stock markets were unaffected by the current deterioration in New York values, which slipped further in yesterday's early trade.

Lack of investment demand saw leading shares drifting back from higher opening levels, but most began to gather strength later and many closed at the day's best. Speculative interest on bid hopefuls was a major influence throughout the session, but the day's outstanding feature was the unprecedented collapse in Discount Houses. This followed Smith St Aubyn's disclosure of losses which had exhausted group reserves and a call for fresh funds through a proposed £2.7m rights issue.

Smith St Aubyn dropped from the overnight 132p to only 35p for a massive fall of 97 to take the group's market value from £14¼m to around £3¾m. Other Discount Houses sustained losses ranging to nearly 40 and the FT-Actuaries sector index fell 12.8 per cent to 211.15.

The absence of a rumoured market raid failed to dampen speculative enthusiasm for Unigate. Continued talk that the group is a target for either a raid or a full-scale takeover took Unigate up to 115p before a close of 5 higher on balance at 113p. Bid speculation also continued in Hoover, 10 up at 94p, but Kwik Save eased 4 to 214p after news of the proposed near-£12m rights issue. Measuring the continued firmness of leading shares, the FT Industrial Ordinary share index closed 5.8 up for a two-day rise of 11.4 to 529.5.

Apprehensive about possible repercussions of the Smith St Aubyn affair, the Gilt-edged market initially traded easier. Losses extending to ½ were, however, reduced on talk of official support for the market. Mediums and longs finally reverted to the overnight positions, but the shorts still closed ⅛ off awaiting today's debut of the special low-coupon Treasury 3 per cent 1987.



Contracts completed yesterday in Traded options amounted to 1,792, the majority of which were transacted in calls of which BP and Courtaulds recorded 288 and 299 respectively.

Asset Special Situations Trust made a quiet market debut at 29½p compared with the placing price of 30p. Elsewhere in the new issues sector, Asprey rose 50 to 875p following the interim results.

Discount Houses flat

The shock statement from Smith St Aubyn completely demoralised the Discount House sector. Following a 30 minute stoppage in business while jobbers studied the implications prices re-opened sharply lower and continued to retreat on fresh selling. Smith St Aubyn closed at the day's lowest of 35p, down 97. Elsewhere selected issues rallied slightly towards the close, but falls ranging to 38 were sustained with Gillett that much down at 180p. Cater Allen fell 30 to 275p, while Gerrard and National relinquished 23 to 245p and Seccombe Marshall and Campion 15 to 310p. Alexanders shed 13 at 230p. Union showed resilience in ending only a net 5 lower at 400p, after 385p. Among the smaller-priced issues, Clive softened a couple of pence to 17p, after 16p, while Jessel Toynbee gave up 5 to 58p as did King and Shaxson, to 78p.

The rest of the banking sector passed a quietly dull session. The major clearers lacked support and closed with minor falls, while Royal Bank of Scotland met profit-taking and lost 3 to 194p awaiting the Monopolies decision on the bid situation. Guinness Peat at 93p, gave up 2 of the previous day's Press-inspired gain of 7.

Scottish and Newcastle provided a late firm feature in otherwise subdued Breweries, rising 2¼ to 53p on revived rumours of a dawn raid. Among regionals, Higsons shed 5 to 70p, after 68p, following the bearish tone of the chairman's annual review.

Blue Circle held at 504p, the company's intention to sell its sand and gravel interest making no apparent impact. Other leading Building issues were inclined firmer in the late trade.

ICI slipped to 288p before late demand left the close a net 10 up at 300p. Elsewhere in the Chemical sector, Hickson and Welch gained 12 to 212p in response to the better-than-expected preliminary results.

Leading Stores attracted steady institutional support during the afternoon session and closed at the day's best. Gussies A remained to the fore with a gain of 8 at 443p, while Marks and Spencer rose 5 to 130p. British Home, 121p, and Burton, 136p, added 3 apiece, and W. H. Smith ended 7 to the good at 155p. MFI, interim results due later this month, added a few pence to 62p, but Bakers Household turned down after disappointing preliminary figures and closed 9 lower at 158p. Polly Peck came in for renewed speculative support and rose 20 at 375p, with Cornell Dresses 11 up at 163p in sympathy. Mail-orders also took a turn for the better and gains of 6 were noted in Grattan, 96p, and Freemans, 120p.

Persistent profit-taking and lack of fresh support took its toll on Amstrad which touched 190p before closing 22 down for a two-day loss of 35 to 195p. Elsewhere in Electricals, Quest Automation declined 7 for a two-day relapse of 40 to 93p following the dismal half-year results. Electronic Rentals softened a penny to 84p, after 83p, following the interim results but renewed support left George H. Scholes up 6 more at 258p. Revived hopes of a bid from Tyco Laboratories left Muirhead a few pence dearer at 112p. Philips Lamps featured the leaders with a rise of 20 to 447p and Plessey continued firmly at 362p, up 2. On the other hand, Thorn EMI, first-half figures due next Thursday, cheapened 2 to 458p, while GEC declined 4 at 806p.

Leading Engineers edged a few pence higher in quiet trading. GKN firmed 4 to 165p and John Brown put on 3 more to 58p, while Hawker ended a couple of pence dearer at 322p. Elsewhere demand in a difficult market left C. M. Firth 10 higher at 195p. Birmingham Pallet contrasted with a fall of 6 to 34p on the annual loss and passing of the dividend. United Engineering, the subject of profit-taking recently, revived with a gain of 7 to 280p. Other firm spots included Lake and Elliot, 3 up at 39p, and Brockhouse, 1½ dearer at 30½p.

Up 10 late on Wednesday on speculative buying, Unigate slipped to 106p in the absence of the rumoured dawn raid on the company before another speculative flurry left the close a net 5 up at 113p, after 115p. Elsewhere in the Food sector, Kwik Save dropped to 210p before settling just 4 cheaper on balance at 214p on the £11.88m rights issue proposal; William Low jumped 10 to 170p on speculation that the rights issue proceeds might be used to launch a takeover bid for the company. Other bid favourites attracted new-time interest, RHM adding 1½ to 60p, Fitch Lovell 3 to 75p, and Singlo 2 to 35p. Cullens put on 7 to 235p following Press comment.

Leading Hotels and Caterers closed narrowly mixed. Grand Metropolitan softened a couple of pence to 182p, but Trusthouse Forte improved that much, to 121p. Ladbroke also hardened 2, to 130p, following the asset sales.

Hoover A wanted

Helped earlier in the week by reports of a mini-boom in washing machine sales, Hoover A made further good progress yesterday when rising 10 afresh to 94p on speculative buying fuelled by revived takeover hopes. Demand of a similar nature lifted Berwick Timpo 6 to 36p. Smiths Industries added 13 to 370p in response to investment buying. Arthur Holden improved 4 for a two-day advance of 54 at 162p following International Paint's surprise acquisition of a 12 per cent stake in the company at 150p per share. Applied Computers put on 7 to 155p as did Sidlaw Industries, to 252p, but Peter Black, a good market of late, lost 5 to 211p following the interim results. The escalating row over Mr Jack Gill's compensation payment left Associated Communications A a couple of pence off at 50p. Bowater were fairly active and 5 higher at 226p, after 231p, on revived speculative support. Among the other leaders, Reed International were notable for a gain of 5 at 250p.

Revived takeover hopes bolstered Henlys, 7 dearer at 104p. Elsewhere among Motor Distributors, Ford dealers drew strength from the likelihood of the company's wage offer gaining general acceptance. H. and J. Quick added 4 to 46p, while Harold Perry, 82p, and Dorada, 31p, both firmed 2.

John Waddington touched 95p following the recovery in first-half profits, but reacted sharply on consideration of the omitted interim dividend to finish 8 lower on balance at 86p. In contrast, Transparent Paper rose 4 to 30p in response to the company's confident outlook on future trading. Elsewhere, Associated Newspapers made further progress in front of next week's annual results and advanced 10 to 183p.

Interest in Properties was at a low ebb and the leaders drifted a few pence easier. Among secondary issues, Marler Estates attracted revived speculative interest and added 3 to 60p. News that the NCB Pension Fund had increased its stake in the company to 12.33 per cent left Percy Bilton steady at 178p.

Oils steadier

Leading Oils turned steadier, quotations fluctuating narrowly before closing without much alteration on the day. British Petroleum settled with a rise of 2 at 302p and Shell closed unchanged at 390p. Ultramar, up to 480p at one stage on the Moray Firth drilling report, drifted off to close 2 cheaper on balance at 473p. Among the more speculative, exploration issues, Flair Resources rallied 10 to 180p. Pict, in contrast, gave up 5 further to 145p and Sun (UK) Royalty weakened 10 to 140p.

Among Financial Trusts, Kitchen Taylor featured with a jump of 18 to 120p in response to the better-than-expected preliminary results. R. P. Martin, on the other hand, gave up 10 to 305p.

P & O Deferred were briskly traded again and opened higher at 138p before falling to 131p in the absence of bid developments and settling at 134p for a gain of a penny. Elsewhere in Shippings, Lyle firmed 5 to 295p and Ocean Transport put on 4 to 109p.

A couple of outstanding firm features emerged in Plantations. Sogomana jumped 30 to 455p, after 470p, following news of a possible sale of assets and, in Teas, Surmah Valley stood out with a gain of 13 to 113p.

Golds drift

Mining markets remained in the doldrums as a general lack of interest followed further poor performances in precious and base-metal markets.

South African Golds drifted throughout the day, depressed by the $3.5 fall in the bullion price to $387 an ounce.

Actual selling pressure was minimal and some light U.S. buying interest was reported in after-hours' trading but losses at the close were sufficient to lower the Gold Mines index a further 1.9 to 299.0; this is the first time the index has fallen below the 300 level since the end of November.

Prominent heavyweights included Hartebeest and President Brand, which fell ½ apiece to £26¼ and £17⅞ respectively, while in the medium- and lower-priced issues Blyvoor dropped 10 to a 1981/82 low of 508p.

South African Financials mirrored the pattern in Golds. Anglo American Corporation eased 5 more to 650p. De Beers closed unaltered at 350p, after 352p despite expectations of a heavy fall in the 1981 world diamond sales figure which is due to be announced in the next few days.

FINANCIAL TIMES STOCK INDICES

	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Dec. 31	Dec. 30	A year ago
Government Secs	61.97	62.00	61.89	62.34	62.37	62.36	68.65
Fixed Interest	62.79	62.87	62.93	63.15	63.12	63.11	70.61
Industrial Ord	529.5	523.7	518.1	522.5	530.4	528.8	460.2
Gold Mines	299.0	300.9	302.0	301.5	307.5	306.9	404.9
Ord. Div. Yield	5.67	5.71	5.76	5.73	5.65	5.67	7.77
Earnings, Yld. % (full)	9.96	10.03	10.12	10.05	9.91	9.95	17.39
P/E Ratio (net) (*)	12.83	12.75	12.62	12.70	12.88	12.84	7.05
Total bargains	15,671	15,393	15,690	13,503	11,422	9,140	20,276
Equity turnover £m.	—	87.54	50.86	66.19	43.78	66.46	106.46
Equity bargains	—	11,296	13,319	10,671	8,917	8,612	15,629

10 am 528.4. 11 am 527.1. Noon 525.7. 1 pm 526.0. 2 pm 526.0. 3 pm 525.7.
Latest Index 01-246 8026.
*Nil=11.46.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS / S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.51 (28/1)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. Activity	Jan. 6	Jan. 5
—Daily		
Gilt Edged Bargains	176.1	172.9
Equities Bargains	73.2	79.8
Value	176.9	183.5
5-day Avrge.		
Gilt Edged Bargains	128.4	109.5
Equities Bargains	66.3	58.8
Value	145.4	122.8

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P/E ratio
—	F.P.	4/12	875	775	✠Asprey	875	+50	35.0	3.3	5.8	6.2
§30	F.P.	—	30	29½	Asset Spcial 10p	29½	—	—	—	—	—
100	F.P.	—	98	95	Baillie GiffordJ'n Tst	98	—	—	—	—	—
§35	F.P.	—	35	31	✠City Site	31	—	b0.5	1.2	2.3	51.4
225	F.P.	5/2	240	230	Comp.&Systs.Eng 20p	230	—	b3.15	3.8	2.0	14.8
82	F.P.	22/1	86	82	Cussins Prop.20p	85	+1	b4.9	2.5	8.4	6.1
80	F.P.	13/1	84	81	✠Equipu. 10p	81	—	bd6.1	2.1	5.5	12.6
—	F.P.	—	10	9	F&C Enter. Warrants	9	—	—	—	—	—
61	F.P.	22/1	63	61	✠Good Relations 10p	61	—	b2.5	2.6	5.9	12.1
§50	F.P.	9/12	50	39	✠Gr'nw'hCable&Cm.	39	—	—	—	—	—
100	F.P.	22/1	109	96	✠HardangerProp.10p	95	—	bd9.8	2.2	14.6	4.4
150	F.P.	4/1	165	156	✠Hayters £1	157	—	b10.5	1.8	9.6	7.3
US$5.80	F.P.	—	305	276	Newmarket (1981)5c	278	+1	—	—	—	—
‡‡	F.P.	—	9	4½	Peek Hldgs	7½	—	—	—	—	5.1
§67	F.P.	18/12	70	68	✠Sheldon Jones	69	—	u3.5	2.4	7.2	7.8
115	F.P.	—	120	117	Speyhawk 10p	117	—	bd7.0	2.6	8.5	5.3
—	F.P.	—	5	4	Viners 1p	4	—	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
97.48	£25	—	26½	23	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	24	+¼
100	F.P.	25/2	103	102	Essex Water 10% Red. Prf. 1986	103	—
‖	Nil	—	7pm	2¼pm	Haslemere Est 9pc.Conv Uns Ln. 2001/06	3pm	+½
§100	F.P.	—	100½	99	Nat'wide Bdg.Society 15¼%Bds (24/11/82)	99¾	—
§100	F.P.	—	100	99¼	Do. 15¼% Bds. (13/12/82)	99	—
69	F.P.	—	78	64	Pennine Comm.12pc.Conv.Uns.Ln.1991	67	—
70	F.P.	—	75	54	Do. 15½ pc. Uns. 1986	78	—
100	Nil	—	1¼pm	¾pm	Telfos 12% Cnv. 1991	¾ pm	—
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	115	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
7½	F.P.	31/12	29/1	8½	7½	Abwood Mach. 7½p	7½	—
148	F.P.	29/12	29/1	158	155	Brown (M)	156	—
2.5A$	Nil	—	—	92pm	60pm	C S R A$1	68pm	−2
15	Nil	—	—	3pm	1pm	✠Carlton Real Ests.10p	3pm	+1
162	F.P.	23/12	21/1	183	172	Great Portland Estates 50p	176	—
25	Nil	—	—	9pm	7½pm	I.C.L.	8pm	+1
44	F.P.	—	—	50	48	Lennons Grp.10p	50	—
7½	F.P.	18/12	15/1	10	7¾	Raglan Prop. 1p	10	+¼
50	F.P.	17/12	21/1	54	50	Strong & Fisher	51	—
25	Nil	—	—	4pm	1pm	Telfos 20p	2pm	—
60 cts	Nil	10/12	28/1	117pm	108pm	T N T 50c	115pm	+3
50	Nil	—	—	8pm	4pm	Wearwell 5p	6pm	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	226	+ 5	P. & O. Deferred	134	+ 1
De Beers Deferred	350	—	RHM	60	+ 1½
Firth (G. M.)	195	+10	Smith St. Aubyn	35	−97
Gillett Brothers	180	−38	Tate & Lyle	208	—
ICI	300	+10	Ultramar	473	− 2
Kwik Save	214	− 4	Unigate	113	+ 5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
GEC	17	810	+ 2	Rand London	10	130	+ 5
Tube Invs	13	126	+ 4	Royal Ins	10	327	+ 1
Ryl Bk of Scot	12	197	+11	Tate & Lyle	10	208	+ 8
Bank of Scot	11	515	+17	Bowater	9	221	+ 3
Euro Ferries	11	79	+ 2	Plessey	9	360	+ 7
Cable & Wire	10	210	+ 2	Rank Org	9	178	+ 2
GUS A	10	435	+ 2	Vickers	9	150	+ 6

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 6, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.2378
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.706
	Sp. Peseta	95.65
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (o) (4)	10400.00
Australia	Dollar	0.8887
Austria	Schilling	15.8125
Azores	Port. Escudo	65.30
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	95.65
Bangladesh	Taka	17.75
Barbados	Dollar	2.01
Belgium	Franc (C)	38.29
	Franc (F)	42.20
Belize	Dollar	2.00
Benin	C.F.A. Franc	285.30
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1075
Bolivia	Peso	24.75
Botswana	Pula	0.8782
Brazil	Cruzeiro	127.48
Brunei	Dollar	2.049
Bulgaria	Lev	0.928
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	285.30
Canada	Dollar	1.1854
Canary Is.	Sp. Peseta	96.65
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	285.30
Chad	C.F.A. Franc	285.30
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7455
Colombia	Peso (O)	59.13
Comoros	C.F.A. Franc	285.30
Congo P'ple.Rep.of	C.F.A. Franc	285.30
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.8012
Cyprus	Pound*	2.2957
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.326
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2151
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	195.30
Ethiopia	Birr (O)	2.0433
Faeroe Is.	Dan. Krone	7.326
Falkland Is.	Pound*	1.9283
Fiji	Dollar	0.8786
Finland	Markka	4.3345
France	Franc	5.706
Fr. C'ty in Af.	C.F.A. Franc	285.30
Fr. Guiana	Franc	5.706
Fr. Pac. Is.	C.F.P. Franc	98.5394
Gabon	C.F.A. Franc	285.30
Gambia	Dalasi	2.0744
Germany (E)	Ostmark (O)	2.247
Germany (W)	Mark	2.247
Ghana	Cedi	2.75
Gibraltar	Pound*	1.9283
Greece	Drachma	57.40
Greenland	Dan. Krone	7.326
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.706
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.7118
Guinea Rep.	Syli	21.1574
Guyana	Dollar	3.0026
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.701
Hungary	Forint	35.00
Iceland	Krona	8.18
India	Rupee	9.1075
Indonesia	Rupiah	630.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2959
Irish Rep	Punt*	1.5755
Israel	Shekel	15.63
Italy	Lira	1201.50
Ivory Coast	C.F.A. Franc	285.30
Jamaica	Dollar	1.7834
Japan	Yen	218.75
Jordan	Dinar	0.3363
Kampuchea	Riel	n.a.
Kenya	Shilling	10.2346
Kiribati	Aust. Dollar	0.8887
Korea (Nth)	Won	0.94
Korea (Sth)	Won	690.40
Kuwait	Dinar	0.2812
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.63
Lesotho	Loti	0.9551
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.7985
Luxembourg	Lux Franc	38.29
Macao	Pataca	5.9262
Madagascar D. R.	Franc	285.30
Madeira	Port. Escudo	65.30
Malawi	Kwacha	0.906
Malaysia	Ringgit	2.2435
Maldive Is.	Rupee	3.93
Mali Rp	Franc	570.60
Malta	Pound*	2.6093
Martinique	Franc	5.706
Mauritania	Ouguiya	57.06
Mauritius	Rupee	10.7136
Mexico	Peso	25.98
Miquelon	Fr. Franc	5.706
Monaco	Fr. Franc	5.705
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.3105
Mozambique	Metica	29.6894
Namibia	S.A. Rand	0.9551
Nauru Is	Aust. Dollar	0.8887
Nepal	Rupee	13.20
Netherlands	Guilder	2.4655
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2176
Nicaragua	Cordoba	10.00
Niger Rp	C.F.A. Franc	285.30
Nigeria	Naira (O)	0.6257
Norway	Krone	5.755
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6817
Paraguay	Guarani	126.00
Peru	Sol	509.03
Philippines	Peso	8.20

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2176
Poland	Zloty (O)(5)	80.00
Portugal	Escudo	65.30
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.706
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.9283
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.706
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.9346
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1201.50
Sao Tome & Principe DR	Dobra	38.7832
Saudi Arabia	Riyal	3.4095
Senegal	C.F.A. Franc	285.30
Seychelles	Rupee	7.1307
Sierra Leone	Leone	1.1716
Singapore	Dollar	2.049
Solomon Is.	Dollar	0.8906
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9551
Spain	Peseta	96.65
Span. Ports in N. Africa	Sp. Peseta	96.65
Sri Lanka	Rupee	20.55
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0·9551
Sweden	Krona	5.575
Switzerland	Franc	1.7985
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.81
Tanzania	Shilling	8.0382
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	285.30
Tonga Is.	Pa'anga	0.8887
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5119
Turkey	Lira	133.01
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8887
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6728
Utd. Kingdom	Pound Sterling*	1.9283
Upper Volta	C.F.A. Franc	285.30
Uruguay	Peso	11.58
U.S.S.R.	Rouble	0.7419
Vanuatu	Vatu	92.2182
	Aust. Dollar	0.8887
Vatican	Lira	1201.50
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	39.27
Zaire Rp.	Zaire	5.4418
Zambia	Kwacha	0.8779
Zimbabwe	Dollar	0.7273

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (15)

BRITISH FUNDS (1)
Treasury 3pc '82
COMMONWEALTH LOANS (1)
Australia 5½pc '81-82
CHEMICALS (1)
Hickson and Welch
ELECTRICALS (1)
Scholes (G. H.)
ENGINEERING (1)
Brown and Tawse
FOODS (4)
Hinton (A.) Singlo
Panto (P.) Tate and Lyle
INDUSTRIALS (1)
Applied Computer
INSURANCE (1)
Brentnall Beard
MOTORS (1)
Braid Group
TEXTILES (1)
Stroud Riley
OIL AND GAS (1)
Jackson Exploration
OVERSEAS TRADERS (1)
Steel Brothers

NEW LOWS (15)

FOREIGN BONDS (1)
Iceland 14½pcLn. 2016
CANADIANS (2)
Bank of Montreal Gulf Canada
BANKS (4)
Clive Discount Smith St. Aubyn
Gillett Brothers Union Discount
ELECTRICALS (1)
Quest Auto
INDUSTRIALS (2)
Holden (A.) Schlumberger
INSURANCE (1)
Ennia UK 9pc Cnv.
OIL AND GAS (1)
Ranger Oil
MINES (3)
Blyvoor Renison Dvld.
Western Areas

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	22	67
Corpns., Dom. and Foreign Bonds	10	8	53
Industrials	287	138	933
Financial & Props.	82	77	352
Oils	24	26	60
Plantations	2	4	18
Mines	20	50	98
Others	49	48	53
Totals	477	374	1,634

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24

For rate indications see end of Share Information Service

Call options were struck in Lofs, Dufay Bitumastic, James Finlay, ICL, Cultus Pacific, Sangers, Bowater, FNFC, Hawley, Hawkins and Tipson, Midland Bank, Phoenix Assurance, KCA International, Western Mining, P & O Deferred, Huntley and Palmer, Racal, Tozer Kemsley and Millbourn, Town and City Properties and Royal Bank of Scotland. A put was done in Royal Bank of Scotland, while doubles were arranged in P & O Deferred, Town and City Properties and Royal Bank of Scotland.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thur Jan 7 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 6 Index No.	Tues Jan 5 Index No.	Mon Jan 4 Index No.	Thurs Dec 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	354.30	+0.4	9.82	4.50	12.64	352.72	351.70	355.24	358.85	279.77
2	Building Materials (25)	301.30	+0.6	15.02	5.70	7.61	299.54	299.65	302.23	301.89	240.01
3	Contracting, Construction (28)	533.27	+0.7	17.55	5.29	6.66	529.58	531.31	534.37	534.42	403.39
4	Electricals (30)	1232.74	−0.1	7.36	2.33	17.38	1234.54	1230.13	1240.11	1257.81	923.60
5	Engineering Contractors (9)	500.12	+1.6	12.74	5.65	9.16	492.45	490.68	491.91	490.87	388.01
6	Mechanical Engineering (67)	190.94	+1.1	11.12	5.72	11.47	188.93	188.63	190.89	193.91	168.01
8	Metals and Metal Forming (12)	163.06	+1.3	8.45	7.47	15.99	160.95	160.51	165.04	167.22	133.57
9	Motors (21)	94.83	+1.1	—	7.20	—	93.80	92.62	93.65	93.99	90.28
10	Other Industrial Materials (18)	370.51	+0.5	8.96	6.25	13.64	368.52	365.84	370.47	374.19	283.18
21	CONSUMER GROUP (198)	269.08	+1.0	13.49	6.14	9.10	266.34	265.59	267.53	269.25	233.66
22	Brewers and Distillers (20)	267.14	−0.2	17.48	7.32	6.84	267.79	266.31	269.29	272.42	250.33
25	Food Manufacturing (21)	265.41	+0.7	15.66	6.42	7.68	263.67	261.73	263.57	263.58	208.31
26	Food Retailing (15)	546.91	+0.1	9.71	3.59	12.47	546.47	545.79	551.74	551.28	475.57
27	Health and Household Products (7)	341.72	+0.6	9.15	4.68	12.84	339.58	338.70	342.20	345.96	252.04
29	Leisure (24)	421.55	+0.4	9.69	5.22	12.86	419.95	418.53	420.12	420.24	339.25
32	Newspapers, Publishing (12)	481.58	+1.0	12.80	6.26	11.32	476.64	474.61	478.65	479.75	423.32
33	Packaging and Paper (13)	134.41	+1.8	15.11	8.01	7.89	132.03	130.74	131.31	132.65	111.55
34	Stores (46)	243.57	+2.3	11.90	5.54	11.25	238.19	238.02	239.03	240.31	245.81
35	Textiles (23)	155.44	+1.2	18.23	6.38	12.60	153.59	152.91	154.04	156.46	124.13
36	Tobaccos (3)	257.47	+2.5	22.48	10.12	5.11	251.28	253.74	255.93	268.95	195.48
39	Other Consumer (14)	256.94	+1.3	7.50	7.03	22.07	253.60	252.58	250.87	247.87	235.77
41	OTHER GROUPS (79)	232.51	+1.1	10.97	6.00	11.58	229.87	228.88	230.41	232.39	214.22
42	Chemicals (16)	306.04	+2.3	5.91	5.91	26.48	299.04	297.89	298.66	302.08	288.39
44	Office Equipment (4)	117.90	−0.2	15.51	7.47	7.71	118.13	117.66	118.78	120.42	98.61
45	Shipping and Transport (13)	530.49	+0.9	20.28	6.96	5.89	525.77	515.46	515.87	519.74	532.69
46	Miscellaneous (46)	290.87	+0.3	12.54	5.56	9.71	290.03	289.92	293.37	294.90	259.56
49	INDUSTRIAL GROUP (487)	293.06	+0.8	11.74	5.49	10.54	290.68	289.79	292.20	294.58	247.72
51	Oils (13)	715.15	+0.2	19.91	7.98	5.69	713.61	719.41	728.81	745.56	908.17
59	500 SHARE INDEX	327.33	+0.7	13.16	5.91	9.18	325.00	324.65	327.61	330.99	299.30
61	FINANCIAL GROUP (119)	250.17	−0.3	—	6.09	—	251.03	249.34	253.03	255.11	230.82
62	Banks (6)	284.19	−0.8	31.71	6.65	3.69	286.47	280.96	286.26	287.11	240.49
63	Discount Houses (9)	211.15	−12.8	—	10.49	—	242.20	240.86	246.20	246.71	294.02
65	Insurance (Life) (9)	248.42	+0.3	—	6.45	—	247.72	246.82	249.24	252.10	223.40
66	Insurance (Composite) (10)	149.85	−0.1	—	8.94	—	150.00	149.56	152.72	155.05	145.42
67	Insurance Brokers (8)	414.27	+0.2	11.24	5.87	12.05	413.34	413.86	413.50	417.13	311.23
68	Merchant Banks (12)	153.74	+0.3	—	5.31	—	153.30	153.24	155.28	156.83	146.54
69	Property (50)	444.63	−0.2	4.98	3.29	26.85	445.57	443.82	448.50	452.91	440.12
70	Other Financial (15)	174.30	—	17.08	6.15	7.20	174.26	175.10	178.02	177.99	169.88
71	Investment Trusts (110)	283.96	+0.2	—	5.70	—	283.53	283.57	285.33	285.98	280.98
81	Mining Finance (4)	228.01	−0.1	15.11	6.23	7.96	228.15	229.84	229.84	236.15	222.42
91	Overseas Traders (17)	404.71	+0.2	12.54	7.86	9.74	403.88	399.21	403.13	403.77	425.05
99	ALL-SHARE INDEX	309.15	+0.5	—	5.97	—	307.72	307.11	310.10	313.12	285.75

FIXED INTEREST

	PRICE INDICES	Thur Jan 7	Day's change %	Wed Jan 6	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	105.54	−0.09	105.64	—	0.00
2	5-15 years	98.82	+0.01	98.81	—	0.00
3	Over 15 years	99.92	—	99.92	—	0.00
4	Irredeemables	108.39	—	108.39	—	0.00
5	All Stocks	101.04	−0.02	101.07	—	0.00
6	Debentures & Loans	78.47	−0.44	78.82	—	0.00
7	Preference	61.45	+0.16	61.35	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Thur Jan 7	Wed Jan 6	Year ago (approx.)
	British Government				
1	Low	5 years	13.34	13.39	11.90
2	Coupons	15 years	14.23	14.28	11.98
3		25 years	14.16	14.14	11.98
4	Medium	5 years	16.36	16.33	13.52
5	Coupons	15 years	16.05	16.05	13.95
6		25 years	15.40	15.39	13.66
7	High	5 years	16.23	16.22	13.56
8	Coupons	[illegible]	[illegible]	16.22	14.17
9	[illegible]				
10	[illegible]				
11	[illegible]				
12	[illegible]				
13	[illegible]				
14	[illegible]				

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	[illegible]	64.6	-0.3	[illegible]
Capital	[illegible]	[illegible]	+0.2	[illegible]
(Accum. Units)	[illegible]	[illegible]	[illegible]	[illegible]
General	[illegible]	[illegible]	[illegible]	[illegible]
Gilt & Fixed Int.	[illegible]	[illegible]	[illegible]	[illegible]
Income	[illegible]	[illegible]	[illegible]	[illegible]
Worldwide Bond	105.4	[illegible]	[illegible]	[illegible]
Inv. Tst. Fd.	50.7	54.8	+0.1	[illegible]
Equities Prog.	82.7	[illegible]	+0.4	4.57

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.4	86.7	-0.1	14.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	90.3	[illegible]	+0.5	[illegible]
Brit. Inds. Fund	[illegible]	[illegible]	+0.5	[illegible]
Growth & Income	[illegible]	[illegible]	+0.2	4.38
Elect. & Ind. Dev.	[illegible]	50.1	+0.2	4.79
Allied Capital	[illegible]	104.9	+0.8	4.76
Hambro Fund	[illegible]	[illegible]	+1.0	5.85
Hambro Acc. Fund	[illegible]	[illegible]	+0.4	4.79

Income Funds

High Yield Fd.	65.5	70.1	+0.5	9.07
High Income	[illegible]	[illegible]	+0.2	[illegible]
Equity Income Fd.	47.3	50.7	—	7.28
Govt. Secs.	22.4	23.0	—	13.85

International Funds

International	[illegible]	38.3	-0.2	2.40
Japan Fund	[illegible]	31.0	-0.3	0.53

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	27.0	29.3	+0.3	1.45
Australian (z)	[illegible]	[illegible]	-0.2	0.99
Far Eastern Tst. (z)	42.1	45.6	+0.1	1.26
High Income	[illegible]	[illegible]	+0.2	12.14
Intl. Trust (z)	[illegible]	54.0	—	1.40
Basic Resources Tst.	[illegible]	50.7	—	2.21
Inco. Growth Tst.	[illegible]	26.2	+0.3	8.52
Pref. & Gilt Tst.	18.87	20.3	-0.1	14.70
Smaller Co's Trust	28.0	30.4	—	3.56

Chesterton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.6	16.8	—	3.82
International	62.5	67.5	—	1.16
High Income	28.0	30.2	+0.1	11.71

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.6	78.9	—	3.68

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	[illegible]	38.1	+0.4	12.06
North American	[illegible]	[illegible]	-0.8	2.70
Canadian Exempt*	[illegible]	[illegible]	—	3.04
Canadian Trust	[illegible]	[illegible]	—	3.11
Mid Mount High Inc.*	[illegible]	[illegible]	—	10.21
Recovery	[illegible]	57.8	+0.6	3.81
Gilt Trust	[illegible]	39.3	—	14.64

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.4	44.7	-0.4	0.56
Cres. Internat'l.	[illegible]	[illegible]	-0.3	1.58
Cres. High. Dist.	[illegible]	[illegible]	—	[illegible]
Cres. Reserves	[illegible]	[illegible]	+0.2	[illegible]
Cres. Tokyo	40.2	43.4	-0.2	0.29

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.7	24.1	—	9.00

Discretionary Unit Fund Managers

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	161.6	166.7	—	8.75
L&C Intl & Gen Fd	135.0	139.2	—	1.59

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	92.2	99.7	+0.5	4.62
Equity Acc.	129.3	139.8	+0.7	4.65
Gilt	112.5	118.4	+0.1	8.11

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.0	128.3	-0.1	8.42
Leo Accum.	143.6	152.3	-10.3	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	72.9	78.3	+0.3	4.86
Do. (Accum.)	114.4	123.0	+0.6	4.86
Energy Int.	44.3	47.6	-0.5	1.98
Do. (Accum.)	45.0	48.3	-0.5	1.98
Extra Income	59.6	64.0	+0.5	9.43
Do. (Accum.)	84.8	91.1	+0.7	9.43
Income	95.3	102.4	+0.2	7.33
Do. (Accum.)	157.1	168.9	+0.6	7.33
Int. Technology	78.0	83.8	-0.3	0.43
Do. (Accum.)	79.4	85.3	-0.3	0.43
N. American & Gen.	48.3	51.9	-0.3	1.05
Do. (Accum.)	49.2	52.9	-0.3	1.05
Pacific Basin	47.5	51.0	-0.1	0.98
Do. (Accum.)	47.5	51.0	-0.1	0.98
Small Cos. & Recy.	56.0	60.2	+0.3	3.13
Do. (Accum.)	58.7	63.1	+0.3	3.13
Worldwide Gwth.	85.6	92.0	-0.1	2.30
Do. (Accum.)	115.1	123.7	-0.1	2.30

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	268.5	282.6	-5.8	4.25

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Nov 30		157.15	—	6.78

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	99.4	106.8	—	3.88
Income Fund	72.0	77.4	—	9.66

Prices on Dec 31. Next dealing day Jan. 15.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

Capital	46.7	50.2	-0.1	2.80
I.T.U.	33.6	36.1	—	4.11
Select International	363.2	390.5	-0.8	1.54
Univ. Growth	89.8	96.5	-0.1	0.71

Increasing Income Funds

High-Yield	55.2	59.3	+0.3	8.29
Select Income	58.5	62.9	+0.4	6.99

High Income Funds

Gilt & Fxd. Int. Inc.	44.4	46.8	—	13.29
High Return	64.2	69.0	+0.3	8.70
Income	41.5	44.4	+0.2	10.52

U.K. Funds

Gilt & Fxd. Int. Grth.	49.5	50.0	-0.1	5.27
UK Equity	61.4	66.0	+0.2	4.41

Overseas Funds (z)

Europe	76.9	82.6	-0.8	1.48
Japan	128.9	138.6	-1.3	0.10
S.E. Asia	87.0	93.5	+0.1	0.64
U.S.	114.9	123.5	-0.7	0.77

Sector Funds

Commodity	137.4	147.2	-1.2	3.38
Energy	132.1	142.0	-1.3	1.39
Exploration Fund (z)	38.0	40.8	-0.3	0.25
Financial Secs.	105.2	113.1	—	2.62
New Technology (z)	46.6	50.0	-0.2	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	61.1	65.3	-0.2	2.27

Exempt Funds

Exempt Income*	183.0	193.2	—	7.56
Exempt Intl.*	373.2	393.9	—	0.72

Prices at Dec. 23. Next sub. day Jan. 13.

Scotbits Securities Ltd.

Scotbits	49.5	53.2	—	4.22

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
98½	97⅞	Treasury 3pc '82‡‡	98½	+⅛	3.04	14.40
107	99¼	Treasury 14pc '82‡‡	99¾	+⅛	14.03	14.99
99½	98¼	Treas. Variable '82§§	99¼	......	15.31	15.46
97⅛	93½	Treasury 8¼pc '82	97	−⅛	8.51	14.90
96⅞	93½	Exch. 9¼pc 1982	95⅞	−⅛	9.65	15.50
95⅝	92⅝	Exch. 8¾pc 1983	94½	−⅛	9.26	14.92
92¼	84⅞	Exch. 3pc 1983	91	−⅛	3.30	11.76
99⅞	95	Treasury 12pc 1983‡‡	96⅛	−⅛	12.48	15.64
99⅝	96¼	Treas. Variable '83 §§	99¼	......	15.35	15.56
94½	90⅛	Treasury 9¼pc '83	93⅝xd	......	9.91	14.29
101⅞	95¼	Exch. 13½pc '83	97⅛	−⅛	13.90	15.26
94⅛	89¼	Exch. 10pc 1983	92⅛	−⅛	10.85	14.82
88⅝	83½	Funding 5½pc '82-84‡‡	87¼xd	......	6.27	12.56
96¼	90	Exch. 11¼pc 1984	92	−⅛	12.23	15.76
103⅞	95¼	Exchequer 14pc. 1984	96⅞	−⅛	14.45	15.60
82⅝	77	Exch. 3pc 1984	81⅞	−⅛	3.69	12.01
98⅛	90½	Treasury 12pc 1984	91¾	−⅛	13.08	15.80
107¼	95⅞	Treasury 15pc 1985	96⅞	−⅛	15.48	16.24
98⅞	88¼	Exch. 12pc Cnv. '85	89¾	−⅛	13.37	16.20
76	71	Treasury 3pc 1985	75¼	−⅛	4.07	12.84
96⅞	85¼	Treasury 11½pc 1985	87¼xd	−⅛	13.11	16.23
98⅞	87⅝	Exch. 12¼pc 1985	88¾	−⅛	13.80	16.25
97⅛	84⅞	Exch. 11¾pc '86	86⅜	−⅛	13.60	16.37
70⅞	65¼	Treasury 3pc 1986	69½	......	4.32	12.23
97⅞	84½	Treasury 12pc '86	86⅞	−⅛	13.81	16.26
88⅝	78½	Treasury 8½pc '84-86‡‡	80½xd	−⅛	10.56	14.57
40⅛	36¼	Exch. 14pc 1986≈(£40 pd)	36⅞	−⅛	15.20	16.41

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
103⅞	90	Exch. 13¼pc 1987	90½xd	......	14.56	15.93
81¼	71¼	Funding 6½pc '85-87‡‡	74	......	8.93	13.91
64½		Treasury 3pc 1987	64½	......	4.65	11.99
91	81½	Treas. 12pc 1987	85¾	......	14.36	16.46
81⅛	72¼	Treasury 7¾pc '85-88‡‡	72⅞xd	......	10.62	14.64
65½	58⅝	Transport 3pc '78-88	60¼	......	4.98	12.82
92¼	79½	Treasury 11½pc 1989	83½	......	14.54	16.57
67¼	59⅝	Treasury 5pc '86-89	62⅞	......	8.10	12.95
101½	85¼	Treasury 13pc 1990‡‡	86¼xd	......	15.05	16.89
95⅞	81⅝	Exch. 12½pc 1990	85⅞	......	15.21	16.53
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	70¼	......	11.84	14.61
93⅞	77¼	Treasury 11¾pc 1991	78¼xd	+⅛	15.60	16.45

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99	92¼	Aust. 5½pc '81-82	99	+⅛	5.63	16.06
87½	82½	Do. 6pc 1981-83	85¾	+⅛	7.04	15.25
67¼	57	N.Z. 7¼pc 1988-92	57½	+⅛	12.62	15.64
81¾	74	Do. 7½pc '83-86	75	......	10.06	15.64
141	115	S. Rhod. 2½pc Non-Ass.	137	−1	—	—
61	43	Do. 3½pc 80-85 Asstd.	59	+1	6.05	20.40
43	26	Do. 4½pc 87-92 Asstd.	32xd	+⅛	14.06	21.00
395	320	Zimbabwe Ann (£100pa)	331	−1	—	26.31

LOANS

Public Board and Ind.

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
64	57¼	Agric. Mt. 5pc '59-89	58	......	8.63	14.34
29½	23¾	Met. Wtr. 3pc 'B'	25	......	12.52	14.87
114	97	U.S.M.C. 9pc 1982	105	......	8.57	—
97¾	91	Do. without Warnts.	94	......	9.57	—

Financial

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
101½	94¼	FFI 14pc '83	95¾	......	14.62	16.62
94½	88½	FFI(UK Fn)5½pcDb. '80-2	94	......	5.94	15.50
83½	77	Do. 6¼pcDb. '81-84	80	......	7.90	15.51
93	82½	Do. 10½pc Uns.Ln. '86	82½	......	12.76	16.70
92	78	Do. 11pc Uns.Ln. '88	78	......	14.14	16.00
92	78	Do. 11¾pc Uns.Ln. '90	78	......	15.11	16.90
94½	78½	Do. 12¾pc Un. Ln. 1992	83	......	15.79	16.80
64½	54	Do. 7¼pcADeb. '89-92	54	......	13.52	16.55
62	51½	Do. 7½pcADeb. '91-94	54	......	13.96	16.37
72½	59½	Do. 9pc 'A' '91-94	63	......	14.93	16.57
70	56½	Do. 8¾pcLn. '92-97	60	......	15.68	16.89

Building Societies

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
100¼	98⅛	N'wide 14¾pcBd11.8.82	99	−⅛	14.90	—
100½	98	Do. 14¼pc Bds 25.8.82	98¾	−⅛	14.94	—
100½	98¼	Do. 15¾pc Bds. 29.9.82	99	−⅛	15.53	—
101¼	99¼	Do. 16¼pc Bds. 27.10.82	99¾	−⅛	16.29	—

FOREIGN BONDS & RAILS

1981/82 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	67	......	—	—
57	53½	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	f3.1
28	14	Chinese 4½pc 1898	15	......	—	—
22	11	Do. 5pc 1912	12	......	—	—
18	8	Do. 5pc 1913	11	+1	—	—
16	9	Do. 5pc '25 Boxer	9	......	—	—
45	36	Greek 7pc Ass.	44	......	3½	f8.08
42	33	Do. 6pc 28 Stb. Ass.	42	......	3	f7.37
35	30	Do 4pc Mixed Ass.	35	......	2	f5.72
52	35	Hung. '24 Ass.	35	......	2¾	f8.31
97¼	87	Hydro Quebec 15pc Ln 2011	88	......	15	17.36
67	58	Iceland 6½pc '83-88	58xd	......	6½	17.00
102	80	Do. 14½pc Ln. 2016	80xd	+¾	14½	17.93
92	83½	Ireland 7½pc '81-83	88¼xd	+¼	7½	16.52
79¾	63¾	Do. 9¾pc '91-96	65¾	+¼	9¾	16.66
240	180	Japan 4pc '10 Ass	240	......	—	—
79	66	Do. 6pc '83-88	75xd	−2	6	11.26
165	155	Peru Ass. 2007	161	......	5.22	f3.27
96¾	79½	Pet. Mx 14½pc '06	85	......	14½	17.94
$79	$75	Turin 9pc 1991	$75	......	9	f12.00
DM90	DM87	Turin 6½pc 1984	DM87	......	6½	11.30

AMERICANS

1981/82 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
27⅝	24	AMF 5% Conv. '87	24	......	5%	—	f13.1
16½	912p	Abbott Labs.	13⅝	−¼	72c	—	2.8
17¼	11⅞	Alcoa 1$	13⅝	......	$1.80	—	7.0
37⅞	16½	Amax $1	24¼	+¾	$2.40	—	5.1
21¼	13⅛	Amdahl	15⅞	+¼	40c	—	1.4
27⅝	16⅝	Amer. Express $0.60	22xd	+¼	$2.20	—	5.2
17⅞	10⅝	Amer. Medical Intl. $1	12⅞	−¼	52c	—	2.1
20½	16⅛	Amer. Nat. Res. $1	29	+⅛	$2.84	—	7.9
14⅞	10⅝	Bank America Corpn.	10¼	+⅛	$1.52	—	7.4
19	12⅛	Bankers N.Y. $10	16¼xd	−¼	$2.05	—	6.4
36⅝	22¼	Bendix Corp. $5	30¼	+¼	$3.32	—	5.8

CANADIANS

1981/82 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
962p	434p	Hawker Sid. Can.	512p	−8	96c	—	8.3
20½	12⅞	Hollinger $5	13½	......	s$2.20	—	7.2
16¾	812p	Hudson's Bay	930p	+4	$1.20	—	5.7
23	795p	Hud.B.Oil G. $2½	22⅞	......	$32c	—	0.6
16⅞	11⅛	Imperial Oil	11⅛	......	$1.40	—	5.6
11⅛	689p	Inco	732pxd	−2	$US20c	—	1.4
750p	450p	Int. Nat. Gas $1	665p	......	$1.10	—	7.3
210p	85p	Massey Ferg.	88p	−1	—	—	—
120p	40p	Place Gas $1	40p	......	—	—	—
18⅞	10¼	Rio Algom	17½	−¼	$1.50	—	3.8
13	10⅞	Royal Bk. Can. $1	11½	+⅛	$1.96	—	7.6
32⅛	23¾	Seagram Co. C$1	30	+¼	US$1.00	—	3.1
14½	11¼	Tor. Dom. Bk. $1.	13⅛xd	−⅛	$1.80	—	6.0
11¾	750p	Trans Can. Pipe	10¼	−⅛	$1.16	—	5.0

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

LEISURE

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
192	121	Boosey & Hawkes	127	......	16.04	—	6.4	—
56	32	Campari Int. 20p.	42	......	3.1	1.6	10.5	(7.2)
60	32	Fairline Boats 10p	33xd	......	d1.0	—	4.3	—
58	29	Ginger Pardee 10p	35	......	—	—	—	—
46	32	Grampian TV'A' 10p	32	−1	2.75	2.4	12.3	4.8
108	74	HTV Non/Vtg.	106	......	10.0	1.8	13.2	5.9
104	41	Hawley Group	65	+2	††2.67	2.9	5.9	(8.4)
*294	117	Horizon	285	+7	†5.0	5.1	2.5	15.7
101	69	Intasun 10p	96xd	−1	b2.8	5.7	4.2	5.1
64	24	††Intervision 10p	32	......	—	—	—	—
*25½	13½	Lancaster (D. M.) 5p	22	......	g0.41	2.2	2.6	26.5
126	88	LWT "A"	117	......	10.07	1.7	12.3	6.1
216	97	Magnet. Ag. M. 10p	123xd	......	8.75	♦	10.2	♦
72	47	Medminster 10p	65	......	3.7	2.5	8.1	7.0
12	7	††Nationwide 5p	11	......	—	—	—	82.6
205	145	Nimslo Int 20c	152	+2	—	—	—	—
50	30	Norton & Wrt. 10p	33xd	......	d1.0	—	4.3	—
*84	57	Old Swan (Pipm) 10p	69	−1	g0.8	1.6	1.7	61.4
13	7½	††Pan Atlas 20p	8	......	—	—	—	13.6
62	38	Photax (Lon.)	54	......	3.5	3.5	9.3	4.3
335	182	Pleasurama 5p	305	+2	9.5	♦	4.6	♦
144	77	Saga Hols. 20p	142xc	+2	b3.73	♦	3.8	♦
310	120	Samuelson 20p	140	......	d8.77	—	9.6	—
89	63	Scott. TV 'A' 10p	78	......	5.95	3.3	10.9	4.0
58	32	††Selec TV 10p	36	......	—	—	—	—
33	31	††Tele. Sh. N-V 10p	32	......	—	—	—	—
13½	5	††Tom Hill	6½	......	—	—	—	—
69	36	Trid'nt TV 'A' 10p	68	+1	4.26	♦	9.4	♦
31	18	Webb (Jos.) 5p	25½	......	hd0.51	2.7	2.9	14.8
112½	73	Zetters 5p	85	......	2.75	3.9	4.6	8.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
23	14	B.L. 50p	15	−1	—	—	—	—
150	91	Gen. Mts. Units	102	+1	Q12c	—	6.2	—
60	35	††Hesketh Motor 50p	45	......	—	—	—	—
280	100	Honda Motor Y50	185	......	Q10%	11.9	0.6	13.7
36	18	Lotus Car 10p	25	......	0.7	4.1	4.0	6.5
9	3½	††Reliant Motor 5p	8½	......	—	—	—	—
£17½	750	Volvo Kr50	£14¼	+¼	Q16%	5.4	5.6	3.3

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
210	70	Coronation 25c	70	......	Q60c	1.9	45.6
650	120	Falcon Rh.50c	120	......	Q25c	10.3	15.5
135	70	Roan Cons. K4	70	−10	♦Q0.13	5.8	—
59	25	Wankie Col. Rh.1	32	......	Q3c	1.2	7.0
32	19	Zam.Cpr.SBD0.24	20	−1	—	—	—

Australian

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	50	......	Q4c	—	4.9
41	14	ACM 20c	20	......	—	—	—
21	5	Argosy Gold NL 25c	7	......	—	—	—
229	134	Bond Corp.	146	−8	Q10c	2.3	4.3
112	65	Bougainville I Kina	79	......	‡Q25.4c	1.8	‡
302	156	CRA 50c	156	−2	Q19c	1.7	7.4
25	9	Canada Northwest	11	−½	—	—	—
35	11	Carr Boyd 20c	16	......	—	—	—
415	43	Central Pacific	54	−1	—	—	—
35	3	Cons. Gold Min. N.L. 25c	4	......	—	—	—
47	13	Coltus Pacific N.L.	23	......	—	—	—
68	22	Eagle Corp. 10c	25	......	—	—	—
40	18½	Endeavour 20c	23	......	—	—	—
560	310	G. M. Kalgoorlie 25c	360	......	Q32½c	0.9	5.5
25	6½	Great Eastern	9	......	—	—	—
185	58	Greenbushes Tin 50c	60	......	Q6c	1.9	6.1
275	130	Hampton Areas 10p	156xd	......	2.5	3.1	2.3

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	9	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	20
Bowater	19	"Lots"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	28	Lucas Inds.	[illegible]	Town & City	2¼
Brown (J.)	6	"Mams"	[illegible]	**Oils**	
Burton Ord.	32	Mrks. & Spncr	[illegible]	Brit. Petroleum	28
Cadburys	9	Midland Bank	[illegible]	Burmah Oil	11
Courtaulds	5½	N.E.I.	[illegible]	Charterhall	6
Debenhams	7	Nat. West. Bank	[illegible]	[illegible]	29
Distillers	26	P & O Dfd.	9	[illegible]	7
Dunlop	[illegible]	Plessey	20	Shell	28
Eagle Star	[illegible]	Racal Elect.	[illegible]	Tricentrol	25
F.N.F.C.	4	[illegible]	[illegible]	Ultramar	40
Gen. Accident	[illegible]	Rank Org. Ord.	[illegible]	**Mines**	
Gen. Electric	[illegible]	Reed Intl.	[illegible]	Charter Cons.	21
Glaxo	[illegible]	Spillers	[illegible]	Cons. Gold	40
Grand Met.	[illegible]	Tesco	[illegible]	Lonrho	7
G.U.S. 'A'	[illegible]	Thorn EMI	[illegible]	Rio T. Zinc	45
Guardian	30	Trust Houses	[illegible]		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd	25	Turner & Newall	7½		
		Unilever	56		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday January 8 1982

Gill injunction move supported

BY JOHN MOORE

EIGHT INSTITUTIONS holding more than 9 per cent of the non-voting shares of Associated Communications Corporation, the entertainments conglomerate, plan to support the Post Office Superannuation Fund in its legal campaign to block a record compensation package worth more than £700,000 being paid to ACC's former managing director.

ACC voting shareholders meet at noon today for an extraordinary general meeting at the group's headquarters in Great Cumberland Place, London.

Last night the Post Office said eight more institutions had expressed support during the day and had asked to become co-petitioners in its legal moves against ACC.

Through a petition in the High Court, issue don Wednesday, the oPst Office seeks an injunction to stop Mr Jack Gill, 62, the former managing director, receiving £560,000 in cash.

The fund also seeks through the injunction to stop Mr Gill being allowed to buy a company house, with a market value of £275,000, for £165,822. Both the settlements are due to be approved in two resolutions by voting shareholders at today's meeting.

Lord Grade, ACC chairman, said last night of the institutions' moves: "I can make no comment. There are obviously legalm implications."

The institutions which have declared their support for the Post Office issue are Imperial Group, the Electricity Council Superannuation Fund, Eagle Star, Sun Alliance, Norwich Union, Equity and Law, the Co-operative Insurance Society and West Yorkshire Metropolitan County Council.

Te institutions seek to block the payment represent in total about 12 per cent of non-voting shares.

As anger continued to mount yesterday over the proposed payment to Mr Gill the vital voting shareholders began to show further signs of dissatisfaction about it. Already, Lord Matthews, an ACC director who owns or influences about 9 per cent of the voting shares, has indicated he will not support the resolution for the payment of the £560,000 to Mr Gill.

Sir Leo Pliatzy, another director, has described the whole episode as "unsavoury and distasteful," and is unlikely to use his 500 voting shares to votes in favour.

BPM Holdings, the holding company of the Birmingham Post and Mail, which owns 5 per cent of ACC voting shares, said yesterday that on the evidence available to it, it was not happy with the payment. "If there is nothing else forthcoming or further information about the payment at the meeting we will vote against the payment."

If the resolution is put at today's meeting BPM Holdings intends to ask for a poll of all those casting votes, rather than let it be decided by a show of hands.

Robert Fleming, the merchant bank with just 1.500 voting shares (1 per cent), said it would vote against the resolution to give Mr Gill £560,000. "On the resolution regarding the house deal with Mr Gill, we will abstain."

Sir Eric Clayson, a former main board director of ACC, has asked Lord Grade to vote his 145 shares by proxy against the resolutions. Sir Eric said: "I think the resolutions are wrong. I don't like it."

CBI warns on closed shop awards

By Christian Tyler, Labour Editor

THE SCALE of compensation for closed shop "victims" proposed by the Government could be revised downwards when new trade union legislation is published shortly.

Mr Norman Tebbit, Employment Secretary, is coming under strong pressure from industry to scrap the proposed minimum compensation for employees who lose their jobs for refusing to be members of unions in closed shops and are subsequently judged by industrial tribunals to have been unfairly dismissed.

The CBI told Mr Tebbit yesterday that the unlimited compensation—with minima of £20,000 to £24,000 in some circumstances — could bankrupt smaller firms who became involved in such cases.

Sir Terence Beckett, director general, claimed the plans outlined in the consultative document "could cause real damage to industry. It is conceivable that small firms could be bankrupted in the event of a high award. If the compensation is pitched at too high a level it could lead to abuse by individuals without a genuine grievance," he said.

The CBI's criticism follows a similar complaint by the Engineering Employers Federation, while the TUC—which rejects the entire legislative package—has also protested that the big sums would attract mischievous claims.

Mr Tebbit was asked yesterday to scrap or reduce the minima, and put a limit on compensation of £16,050 in cases where the employee did not want the job back or it was found impracticable to order his re-engagement. The limit should be £26,580 in cases where a tribunal ordered reinstatement and the employer did not comply, the CBI said.

Mr Tebbit has already argued with the TUC that his plans are misunderstood and that tribunals would continue to reduce very substantially the amount of compensation to an employee who had brought his dismissal upon himself.

The nroposed removal of upper limits in closed shon cases has antagonised the CBI, which is the organisation to which Mr Tebbit has listened most closely in framing his legal amendments. This could cause the Bill to have a rough ride in Parliament.

Sir Terence said the CBI endorsed the rest of the plans and continued to support the principle of an increase in compensation.

Corporation Tax paper favours no big changes

By David Freud

THE long-awaited Green Paper on Corporation Tax, which was published yesterday by Sir Geoffrey Howe, Chancellor of the Exchequer, indicates a strong Government commitment to the existing imputation system of taxation.

The paper, foreshadowed by the Chancellor in March 1980, sets out the various options for changing the company tax system, with assessments of the financial results.

The paper is written on the assumption of an unchanged level of revenue from Corporation Tax, and the Chancellor said yesterday that the aim was to discuss the issues in an open and exploratory way.

He stressed that the Government would "not wish to propose a major change in the corporate tax structure, except after full consultation and unless this consultation indicated a clear consensus in favour of the change."

The paper considers a wide range of alternative systems.

It was prepared by the Inland Revenue, and finds that a third of all home industrial and commercial companies rarely or never pay any mainstream Corporation Tax.

The biggest section of the paper investigates ways of adjusting taxable profits to take account of inflation, with a particular emphasis on whether the current cost accounting standard SSAP16 can be used for this purpose.

It estimates that use of CCA figures for computing tax liability would involve a slight shift in the weight of taxation from the financial sector to manufacturing and distribution companies. However, the estimate is very tentative.

Other main tax systems briefly considered are:

- To charge "gross" historical cost trading profits before deducting depreciation and after deducting interest, with no special reliefs for stock or capital investment.
- To charge conventional historical cost trading profits (after deducting depreciation and interest), without special reliefs.
- To retain the present system but reduce the tax rate for manufacturing industry to 10 per cent, as in Ireland.

Feature, Page 14

Cowley tea-break cuts deferred

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL HAS deferred a 10 minutes a day cut in tea-breaks, due to come into effect next Monday, at its Cowley, Oxford, plant after workers decided to walk out 15 minutes earlier on four days of the week.

The company insisted that it had not climbed down. It wanted agreement with the workforce, and next Tuesday was the earliest which union officials could meet to discuss the issues.

BL appears to be treading carefully to avoid a repetition of the strike by more than 4,000 workers at Longbridge, Birmingham, which halted the successful Metro for four weeks and cost £100m in lost production.

There is resentment among track workers that they should finance the one-hour cut in the working week introduced last November through reduced rest periods. The Cowley stewards, as at Longbridge, insist that the productivity advances achieved over the past 12 months should be sufficient to pay for the introduction of a 39-hour week.

After extensive talks with shop stewards at Cowley, management announced this week that it would introduce the reduced relaxation allowance from next Monday.

"This is a unilateral decision and another example of BL's high-handed policy," Mr David Buckle, Oxford secretary of the Transport and General Workers' Union, said last night.

Meetings of the workforce agreed to respond by leaving work 15 minutes earlier. Union leaders said the decision was supported almost unanimously by more than 2,000 workers. They realised it would mean a loss of pay and a cut in bonus earnings, running at between £6 and £7 a week Mr Buckle said.

The unions clearly believe that they can exert pressure because BL remains dependent upon Cowley for key models.

The plant is producing the Ital, the Triumph Acclaim, and the Ambassador, the replacement for the Princess and the revamped Rover saloon goes into production in the spring.

Ford workers accept package, Page 8

Three-week lay-off at Alfa

BY JAMES BUXTON IN ROME

ALMOST ALL the 40,000 workers employed by Alfa Romeo, Italy's state-owned carmaker, will be laid off for three weeks from January 18.

Similar action is expected later in the year to counter what the company describes as a state of crisis. The only workers not affected will be those in research and testing, the company said yesterday.

An agreement has been drawn up between management and unions to put the lay-offs into effect.

In November Alfa Romeo announced plans to lay off 14,000 workers for the whole of 1982. This appears to have been superseded by a plan to lay off the whole workforce for up to a third of the year. Negotiations on future lay-offs are continuing.

The company says that without the lay-offs—during which the workers will receive pay about 50 per cent of which will be subsidised by the state—its losses in 1982 might total L300bn (£130bn), about three times the expected deficit for 1981.

It has revised downwards its production plans for 1982 by 30 per cent, from 260,000 vehicles to 170,000. Last year Alfa produced about 200,000 cars.

Alfa believes that if action is not taken to halt the losses the whole medium-term recovery strategy for the company, based on new models, a joint venture with Nissan of Japan and co-operation with Fiat could be in jeopardy.

The coming three-week shutdown will help reduce stocks of unsold cars at the company's plants near Milan and Naples.

The unions fear that the company wants to use the lay-offs to achieve permanent reductions in the workforce. Fiat, the main Italian car-maker, took such a course in 1980.

Fiat itself, having shed 23,000 workers at that time, is to lay off 70,000 for one week this month and 60,000 for a week in February. Fiat's total workforce is 110,000.

Cut expected in local spending

BY ROBIN PAULEY

LOCAL AUTHORITIES in England are expected to spend 23 per cent less in 1981-82 on capital projects such as roads, schools and housing than the relevant cash limit permits.

In addition to failing to spend £730m of their capital account cash limit, the local authorities are likely to fall short by £170m of the target permitted for such expenditure as vehicles, plant and machinery leasing.

They are also unlikely to spend £30m of leisure and other trading profits and of money raised by selling assets such as land, schools and homes. This £30m will be added to the £1bn already in bank accounts from similar capital receipts in previous years.

The Environment Department forecasts that by the end of March local authority net capital expenditure will break down as follows:

- Education £352m—underspend £15m;
- Social services £63m—underspend £30m;
- Housing £953m—underspend £466m;
- Transport £528m—underspend £103m;
- Other services £537m—underspend £114m.

This brings the expected net expenditure on capital projects to £2.431bn against a cash limit of £3.16bn. Even if local authorities spend very heavily in the last quarter, they will be unlikely to reach the cash limit.

Although councils traditionally fail to spend all the money allowed for capital projects, this year's 23 per cent shortfall is particularly embarrassing because they are likely to exceed substantially their current account target which covers wages and service running costs. The Government has repeatedly asked councils to invest in the future by spending on capital projects rather than running up the current account.

The local authorities feel the underspend stems from caution and unfamiliarity with the new system of capital expenditure controls introduced in 1981-82 and their wish to avoid higher debt charges on the current account arising from borrowing for capital project.

Continued from Page 1

Vehicles

U.S. cut its manufacturing capacity by half and made 44 per cent of its work-force redundant.

The year ended with Leyland Vehicles, BL's subsidiary, announcing a restructuring plan involving a 10 per cent cut in capacity and a 27 per cent reduction in its work-force.

The consensus of opinion in the industry is that commercial vehicle output will pick up in 1982 from last year's very low level as demand improves towards the end of the year and because stocks will have been reduced to the minimum.

The Department of Industry pointed out yesterday that its estimate of commercial vehicle production in December, while a little down on the November total, continued to reflect the "moderate improvement apparent in recent months."

December car output remained below the average level achieved in the June to October period when there was some recovery from the levels of earlier in the year.

Industrial disputes, particularly the one which stopped output at BL's Longbridge plant where the Metro is made, played a part in the December set-back.

The biggest blow to 1981 car output was the closure of Talbot UK's Linwood plant in Scotland.

Amazon dream ends

Continued from Page 1

ment of a 20 per cent stake in Jari, but the government has made clear that it is not interested in control over the project. The shares may therefore come without voting rights.

The government has made no official announcement on its participation but Sr Antonio Delfin Neto, the Planning Minister, confirmed that as soon as Jari began to make a profit, the bank's preferential shares would be past on to private companies.

Despite Sr Neto's optimism, it remains to be seen whether Mr Ludwig's dream can show a profit.

There are still tremendous legal problems to be worked out regarding land ownership. Under the present plan the pool of companies will take over only an estimated 2.2m acres and a special federal agency is still trying to reach agreement on the remaining area.

There is also the question of whether the new owners will receive further government financial incentives. Although Mr Ludwig obtained incentives for the first part of his cellulose project, which involved importing a floating pulp mill from Japan, he was unable to persuade the government to help out with the second part of the project.

The details of the companies to make up the pool and how they will manage Jari are expected to be announced shortly.

Pipeline embargo

Continued from Page 1

said the rotor sets, which are worth some $70m, were expected to be used as replacement parts after completion of the pipeline, or in a later phase of Soviet gas export plans. The deal, which has not been officially announced, was concluded before the U.S. announced its sanctions against the USSR.

For the French company to provide these key elements for the current pipeline projects would require not only a political decision on the part of the French government—which has said it will not undermine U.S. sanctions—but also heavy investment to enable it to provide the equipment in time.

Even then, the officials said, it was doubtful whether the French company could take over GE's role as supplier without a considerable delay to the pipeline timetables.

The first deliveries from France are not due for about three years.

An acceleration would require a major expansion of capacity at the company's turbine plant near Belfort in eastern France.

Alsthom's unwillingness to make extra investment on the necessary scale is said to be a main reason why the company did not seek a role as turbine supplier in the original deal.

AEG, with a DM 700m (£160m) contract for 47 of the gas turbines, was unable to comment yesterday.

Hazel Duff adds: Rolls-Royce said yesterday that it could supply the equipment but that it would need an export licence from the British Government.

Rolls-Royce offers a gas turbine derived from the RB211 aero-engine which is in competition to the design offered by the GE associates.

Weather

UK TODAY

COLD. Snow. Dry with sunny periods after overnight freezing fog clears.

London, S England, Channel
Cloudy, Snow, dying out. Max temp 3C (37F).

E Anglia, Midlands, S Wales
Snow. Sunny periods. Max temp 2C (36F).

E, NW, Central N England, N Wales
Dry. Sunny periods. Max temp 2C (36F).

N Ireland, Lakes, Isle of Man, SW Scotland, Argyll
Freezing fog followed by dry, sunny periods. Max temp 1C (34F).

NE England, Borders, Edinburgh, Dundee
Freezing fog followed by showers. Max temp 1C (34F).

Rest of Scotland, Orkney, Shetland
Sunny intervals. Showers. Max temp 1C (34F).

Outlook: Cold. Sunny intervals. Showers. Severe frost and freezing fog patches.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Lisbon	S	11	52
Algiers	S	22	72	Locarno	S	9	48
Amsdm.	S	−6	21	London	F	0	32
Athens	C	17	63	L. Ang†		—	—
Bahrain	S	19	66	Luxmgb.	S	−6	21
Barclna.	S	16	61	Madrid	C	8	46
Beirut	F	18	64	Majorca	S	18	64
Belfast	C	1	34	Malaga	S	13	55
Belgrd.	F	−3	27	Malta	S	17	63
Berlin	Sn	−7	19	M'chstr.	F	0	32
Biarritz	S	19	66	Mx. C.†		—	—
Bmghm.	F	−2	28	Miami†		—	—
Blackpl	S	−2	28	Milan	S	13	55
Bordx.	C	8	46	Montrl.†	C	−7	19
Boulgn.	C	−2	28	Moscw	Sn	−18	0
Bristol	F	1	34	Munich	C	−8	18
Brussels	S	−3	27	Nairobi	F	26	79
Budpst.	F	−3	27	Naples	C	15	59
Cardiff	F	0	32	Nwcstl.	S	−5	23
Cas'b'ca	S	22	72	N York†		—	—
Cape T.	F	23	73	Nice	S	18	64
Chicg.†		—	—	Nicosia	C	18	64
Cologne	S	−4	25	Oslo	S	−17	1
Cpnhgn.	S	−12	10	Paris	F	−2	28
Corfu	C	15	59	Perth	S	28	82
Denver†		—	—	Prague	F	−6	21
Dublin	C	2	36	Rykjvk.	F	−9	16
Dbrvnk.	F	7	45	Rhodes	C	16	61
Ednbgh.	S	−5	23	Rio J'o†		—	—
Faro	S	18	64	Rome	S	16	61
Florence	C	3	37	Salzbrg.	S	−6	21
Frankft.	S	−5	23	S'ciaco†		—	—
Funchal	S	20	68	S'tiago†		—	—
Geneva	S	−2	28	Stckhm.	F	−14	7
Gibrltr.	C	15	59	Strasbg.	S	−4	25
Gl'sg'w	S	−7	19	Tangier	S	18	64
G'rnsey	C	0	32	Tel Aviv	S	10	50
Helsinki	S	−18	0	Tokyo	S	6	43
H. Kong	F	19	66	T'r'nto†	C	−5	23
Innsbrk.	F	−6	21	Tunis	S	20	68
Invrnss.	F	−3	27	Valencia	S	20	68
I.o.Man	F	1	34	Venice	F	5	41
Jersey	C	−1	30	Vienna	S	−4	25
Jo'burg	F	26	79	Warsaw	C	−10	14
L. Plms.	S	24	75	Zurich	S	−5	23

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
†Noon GMT temperatures.

THE LEX COLUMN

Bill brokers at a discount

Index rose 5.8 to 529.5

The importance of the discount market to the London financial system gives the Smith St Aubyn disaster a significance out of all proportion to the company's size. One of the most successful of the discount houses in recent years—the balance sheet total doubled between 1977 and 1981—Smith announced yesterday that it had run through all its revenue reserves in the past eight months. Shareholders were invited to rescue the company by subscribing £2.7m through a 1-for-1 rights issue at 25p, while the shares slumped from 132p to 35p.

The losses, which must be of the order of £15m, seem to relate almost entirely to the house's gilt-edged portfolio. This totalled £308m in the April balance sheet—struck at what happened to be the highest point of the market in 1981. Some of the stock was variable rate, but there was a very large holding—apparently well over £100m—of Treasury 15 per cent 1985. The price of this stock had fallen by 11 points by December, and a holding of this size could only be placed at a further discount to the market when Smith finally cut its book.

Misjudgment in the gilt-edged market is easy to understand; indeed Smith's good recent performance must have owed a lot to its readiness to take risks, and sooner or later it was bound to get things wrong. Its failuret o cut its losses sooner—and its decision to build up an enormous unmarketable holding make less sense. By the time of the interim statement in October things must have been almost as bad as they are now and one can only gasp at Smith's nerve in holding its interim dividend—at a cost of £½m.

The pressure to take risks in the gilt-edged market stems from the houses' problem in maintaining the real value of their net worth, and hence the size of book they may run, through conventional money market activities. Over the long term the houses' books—for their own comfort and the Bank of England's—must keep pace with their costs and with the deposits of the banking system which they serve. Even after its rights issue, the size of Smith's balance sheet will have to fall from £600m to around £200m; the discount market's capacity as a channel for liquidity falls by the same amount.

The Bank is less willing than it was to feather-bed the discount houses, and two rescues, one merger and shrinkage elsewhere suggest that the authorities' "chosen vehicle" is failing its MOT test. A new multiplier system to take account of the *different risks of various assets* is perhaps overdue, and might have limited Smith's losses. But in the end the Bank cannot rely on institutions that are unable to look after themselves.

Corporation tax

The only crumb of encouragement for companies in the Green Paper on Corporation Tax is that it does not look as though the original plan to introduce a gearing adjustment to the new method of stock relief is going to be implemented in the foreseeable future. Overall, the Treasury and the Inland Revenue appear to be happy with their existing patched-up system, on the view that any serious shortcomings will be cured by intermediaries like leasing companies. For the tax authorities, ad hoc solutions have the tremendous advantage tha tthey do not have to be consistent. This way, inflation relief of a kind can be offered to companies but not to private individuals.

Kwik Save

Yesterday's rights issue from Kwik Save Discount will raise a good deal more cash than Smith St. Aubyn's but, at one for ten, it is still a modest affair. The company came to the market twice for funds in the *mid 1970's* but its big spending programme has been financed from cash flow over the past four years.

Kwik Save's balance sheet is showing no net debt at a time when working capital is under the greatest seasonal pressure, so there is no urgent need for new money. But it wants to step up the acquistiion of freehold properties and expects that stock levels will be pushed up as food price inflation accelerates. The shares have *outperformed strongly over the past year and, with the historic yield pinned close to 3 per cent,* new equity must have looked very tempting. The issue will raise *£11.9m*, more than Kwik Save has paid in dividends since the last cash call.

Electronic Rentals

The six months to September were frustrating for Electronic Rentals. TV rental subscriptions fell by 2 per cent but supply problems with Philips deprived the group of a chance to cash in on the VCR boom. So UK rental income is down and, despite a reduced interest charge, pre-tax profits work out marginally lower at £7.4m.

The supply bottlenecks have since been resolved and the second half will benefit from a far lower level of exceptional costs, so the full year should show a comfortable advance to about £18m. At 86p, the shares trade on only about 2½ times prospective net cash flow. But reported profits will be held back over the next couple of years by declining balance depreciation on VCR's and, with the balance sheet already streached, Electronic Rentals may be giving some thought to refinancing its £10m subordinated loan on which repayment is due to begin two years from now.

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